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Financial report and audited financial statements

for the biennium ended 31 December 2013

and

Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

BINUB	United Nations Integrated Office in Burundi
BINUCA	United Nations Integrated Peacebuilding Office in the Central African Republic
BNUB	United Nations Office in Burundi
BONUCA	United Nations Peacebuilding Support Office in the Central African Republic
CEB	United Nations System Chief Executives Board for Coordination
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
ICSC	International Civil Service Commission
IMIS	Integrated Management Information System
IPSAS	International Public Sector Accounting Standards
MINUSTAH	United Nations Stabilization Mission in Haiti
OHCHR	Office of the United Nations High Commissioner for Human Rights
OIOS	Office of Internal Oversight Services
UNAKRT	United Nations Assistance to the Khmer Rouge Trials
UNAMA	United Nations Assistance Mission in Afghanistan
UNAMET	United Nations Mission in East Timor
UNAMI	United Nations Assistance Mission for Iraq
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

UNFIP	United Nations Fund for International Partnerships
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIOGBIS	United Nations Integrated Peacebuilding Office in Guinea-Bissau
UNIOSIL	United Nations Integrated Office in Sierra Leone
UNIPSIL	United Nations Integrated Peacebuilding Office in Sierra Leone
UNISDR	United Nations International Strategy for Disaster Reduction
UNITAR	United Nations Institute for Training and Research
UNMIN	United Nations Mission in Nepal
UNMISET	United Nations Mission of Support in East Timor
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNOCA	United Nations Regional Office for Central Africa
UNOP	United Nations Office for Partnerships
UNOWA/CNMC	United Nations Office in West Africa/Cameroon-Nigeria Mixed Commission
UNPOS	United Nations Political Office for Somalia
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
UNSMIL	United Nations Support Mission in Libya
UNTOP	United Nations Tajikistan Office of Peacebuilding
UNTSO	United Nations Truce Supervision Organization
WFP	World Food Programme

Letters of transmittal

Letter dated 31 March 2014 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.5 of the Financial Regulations and Rules of the United Nations, I have the honour to submit the accounts of the United Nations for the biennium ended 31 December 2013, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

Letter dated 30 June 2014 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you volume I of the report of the Board of Auditors on the financial statements of the United Nations for the biennium ended 31 December 2013.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the United Kingdom
of Great Britain and Northern Ireland
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations, which comprise the statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (statement I), the statement of assets, liabilities, and reserves and fund balances as at 31 December 2013 (statement II), the statement of cash flows (statement III) and the supporting statements, schedules and explanatory notes.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards, and for such internal control as is deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the United Nations preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Nations internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations as at 31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania

30 June 2014

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations for the biennium ended 31 December 2013, and examined a range of managerial issues. The audit was carried out through the examination of financial transactions and operations at United Nations Headquarters in New York and offices in Geneva, Vienna and Nairobi, and various regional commissions, entities, country offices and projects. The Board has also reported separately on many of the major business transformation projects of the United Nations.

Opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations as at 31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Overall conclusion

The Organization overall remains in a stable and healthy financial position, and the Board did not identify any major failures in compliance and controls. However, delivery of major organizational change remains very challenging, as exemplified by the experience with the enterprise resource planning system (Umoja). The Board also notes the trend of reducing regular budgets and the growth in voluntary funding (including earmarked voluntary funding). This trend, combined with continuing long-term fiscal pressures on many Member States, will require more agile strategic and financial planning going forward, and an improved understanding of the cost base of the Organization. In turn this highlights the need for enhanced financial management and discipline across the entire Organization so that resources can be freed up to meet new and challenging mandates and priorities. Becoming more efficient and cost-effective is no longer optional.

The Board recognizes that the Administration is in the midst of a major organizational transformation and modernization programme. This is understandably consuming much energy, particularly the need to modernize long-entrenched ways of working, but there are signs that some of the benefits are coming within reach. The Board is particularly encouraged by the very positive developments on enterprise risk management, which, if followed through and embedded, offer the prospect of a much more strategic focus on the key issues facing the Organization, and therefore the prospect of a step-change improvement in the way in which activities are controlled and delivered.

The Board notes that the top risks identified by senior management align well with the issues the Board has reported, both in this and previous reports. In particular, the Board highlights the need to fundamentally improve the efficiency and strategic value of vital business processes such as budgeting and human resource management processes (skills, workforce planning, recruitment and the performance

appraisal system). The Organization also needs to get a better grip on key business risks, such as managing the threat of external fraud, in particular when providing extrabudgetary resources to third parties in high-risk environments.

Key findings

On financial management and internal control

The Administration has strong transactional-level controls over income and expenditure, but lacks the information it needs on financial performance to exercise effective strategic oversight of the Organization's resources. Strong transactional-level controls over income and expenditure are largely embedded in the Integrated Management Information System, and in many cases appear to have been overly elaborate as demonstrated through the roll-out of streamlined processes and controls in the new enterprise resource planning system. In contrast, the Administration's high-level controls to monitor the overall financial position and performance of the Organization, and the effective stewardship and utilization of its resources, remain underdeveloped. The reduction in core funding from Member States, both in absolute terms and as a percentage of total income, combined with continuing fiscal pressures and the increasing use of earmarked voluntary funding, increases the need for the Administration to monitor and contain the Organization's administrative costs. To do this effectively, the Administration will need better financial information on administrative versus programmatic costs and expenditure, based on a robust method of cost categorization.

On enterprise risk management

The Administration has made positive progress towards implementing an Organization-wide risk management approach. Following extensive preliminary work to develop an organizational risk register and train staff in the concepts of risk management, the Management Committee and senior managers met in May 2014 and identified the six key strategic risks facing the Organization. An appropriate governance structure has been created to refine the top risks and to take forward the next tasks of reform, namely, establishing management processes and internal control frameworks to mitigate the risks effectively. While more work is needed before the Administration can demonstrate that the risk response strategy is working and improving the Organization's ability to manage risks effectively, it is a major step forward and the current impetus should be maintained.

On the regular budget

The regular budget process involves a significant amount of time and effort, but results in very limited change to the budget from biennium to biennium. The Board estimates the effort consumed in preparing the budget proposal at a minimum of 3,900 days (31,000 hours) and a maximum of 5,400 days (43,000 hours). This level of effort equates to some 40 to 60 staff working full-time over the five-month preparation period at an indicative cost of $2.4 million. More importantly, there is a significant opportunity cost linked to the requirement for senior staff to use a high level of effort in a small part of the process, which diverts their attention from more value adding activities. The time and effort involved appear all the more disproportionate considering the limited level of change in the budget through the process, and from biennium to biennium, because staff costs are relatively stable and are the single largest part of the regular budget. The Board has not assessed in detail the effort consumed in the remainder of the process, through to approval by the General Assembly, but it is likely to be significant (we broadly estimate this to be conservatively in the order of $1.5 million to $2 million).

The regular budget provides an agreed financial envelope within which the Organization and each department and business unit must operate, but has limited value as a management tool at a strategic and operational level. The regular budget is not built on an accurate understanding of the actual costs of delivery of activities and does not support the Administration's ability to manage and prioritize operational delivery across organizational silos. It also undermines results-based management and accountability in the sense that the evaluation of results from the use of resources is not a significant enough element in the decision to allocate resources. The Board found little evidence that the Controller's office has the information to challenge proposals in terms of the comparative benefits and impacts of spending in one department as opposed to another. As a result, the United Nations has a budget that reinforces existing structures and systems, making it difficult to respond to changing needs without requesting more resources.

Office for the Coordination of Humanitarian Affairs

The Office has taken a number of steps to improve its management of implementing partners. For example, the Office has strengthened its risk management and control framework and taken steps to enhance its corporate oversight capability. The Office is able to demonstrate an improved level of assurance for the biennium under review, with sufficient evidence that payments have been made properly and that external audits of projects have been properly completed. However, information generated through the selection, monitoring and closeout of projects is not used as part of a system of integrated assurance at either the country or the global level. This limits management's ability to identify problems when they occur and intervene. There is also scope to improve the training of staff in aspects of business administration that are essential to their role, such as project assurance and monitoring.

Further improvements in the management of implementing partners will require action from all United Nations entities involved in humanitarian assistance. In particular, there is no formal requirement for entities to share information on the performance of implementing partners, many of whom contract with various entities at any one time. This increases the risk of United Nations entities unknowingly contracting with implementing partners who are underperforming elsewhere or who may be suspected of, or implicated in, fraud.

The risk of fraud crystallized over the biennium, with seven implementing partners investigated or under investigation for suspected defrauding of the Somalia Common Humanitarian Fund. The first case, in particular, was one of premeditated, sustained and systematic defrauding of the Office, with a strong indication that multiple entities and other donors may also have been defrauded. Although investigations and subsequent actions are ongoing, management has disclosed $11.3 million in relation to the known frauds in the financial statements. The Board considers the extent of monies at risk, considering all funds passed to the non-governmental organizations investigated, or under investigation, at the time of reporting, to be $17.1 million.

The Office has further strengthened its controls in response to the frauds. While the frauds are not considered material in the context of the United Nations financial statements, further work is now urgently needed to assess the extent of fraud risks in other high-risk environments. As a result of this work and the continuing enhancement of controls, it is likely that more frauds will be detected.

On the United Nations approach to tackling fraud

The Administration does not have an integrated strategic approach to tackling fraud. The Board separately assessed the United Nations approach to tackling fraud, and found no evidence that the Administration has thought through how to improve its understanding of the fraud threat it faces and the action needed to prevent, deter and pursue fraud more effectively both within business units and at the Organization-wide level. In particular, the exposure to fraud by external parties has not been systematically evaluated. Given the scale and complexity of global United Nations activity, and the high-risk environments in which that activity takes place, the level of reported fraud is very low. The United Nations is likely to be exposed to greater external fraud risks than currently reported.

On managing the workforce

The General Assembly's approval of the Administration's proposals on mobility is an important development, but its implementation will only be one step towards addressing systemic issues in the management of the key resource of the United Nations, its workforce.

The United Nations lacks a centralized skill strategy and there is no formal mechanism in place to coordinate learning and career development within and between departments. Staff training is managed and delivered by a number of separate offices, but no single entity is responsible and accountable for assessing the training needs of the Secretariat. There is no centralized monitoring of training courses, and no clear picture of whether mandatory training courses have been fully and satisfactorily conducted. The Office of Human Resources Management has developed a new learning and career support strategy, which was endorsed by the Management Committee on 6 June 2014. The strategy aims to improve coordination of learning and career support initiatives across the Secretariat.

The United Nations workforce planning process does not reflect organizational needs or priorities; target times for recruiting staff are consistently exceeded; and limited action is taken to address poor performance. Workforce planning is undertaken after the General Assembly has approved the budgeted posts. This means that staff numbers do not reflect the Organization's strategies and missions or anticipate future trends and workforce demands within departments. Recruitment consistently exceeds the target time of 120 days, and the Organization lacks any wider key performance indicators through which it can assess the recruitment process. Once they are in post, few staff are categorized as failing to meet performance expectations, numbering only 135 across the Secretariat during the last performance evaluation cycle, indicating that limited action is being taken to identify and address poor performance.

Recommendations

The Board has made recommendations throughout the report. The main recommendations are that the Administration:

(a) **Establish how and under what time frame it will be able to more closely link budget consumption with what has been delivered in terms of outputs and outcomes; and with this aim in mind, set out a detailed plan for embedding results-based management as part of business as usual;**

(b) **Perform a review of the budget process and implement an improved end-to-end budget process, including the information and communications technology elements of Extension 2 of the enterprise resource planning project (Umoja);**

(c) **Accelerate implementation of the improved controls established in the global guidance and accountability framework of the Office for the Coordination of Humanitarian Affairs. This should be done with a more risk-based and flexible approach to the management of implementing partners in country operations;**

(d) **Develop an integrated strategic approach to tackling fraud, drawing on the many practical examples of good practice being adopted across the world and adapting these to the Organization's circumstances. The first step will be assessing and understanding the type and scale of fraud threats the United Nations is exposed to;**

(e) **Develop a medium- to long-term strategic workforce strategy and operational workforce plans. These should be informed by a review of the Organization's strategy that identifies any gaps in head count, grades, knowledge and skills;**

(f) **Develop a skills strategy for staff that is based on an improved understanding of current capability and existing skills gaps, such as commercial skills for major projects, and the skills needed following the implementation of the International Public Sector Accounting Standards and the roll-out of the enterprise resource planning system, such as professional training in financial management skills.**

Follow-up of previous recommendations

Of the 40 recommendations made for the biennium 2010-2011, eight were closed by the Board in its July 2013 report on the status of implementation of recommendations (A/68/163). Of the 32 remaining recommendations, 20 (63 per cent) were fully implemented, compared to the 60 per cent rate of implementation in the previous biennium; 11 (34 per cent) were under implementation; and 1 had been overtaken by events.

A. Background

1. The United Nations provides the main forum within the wider United Nations system for its 193 Member States to express their views, through the General Assembly, the Security Council, the Economic and Social Council and other bodies and committees. The Organization can take action on a wide range of vital and complex issues. In turn, that has led to its evolution into a complex organization comprising a Headquarters in New York (made up of multiple departments and offices), as well as entities (many with their own governance structures and systems) and offices away from Headquarters, and projects across the globe.

2. The financial statements for the United Nations in volume I report on the full range of activities, entities and programmes falling under the auspices of the United Nations Secretariat, and include all funds other than those of peacekeeping operations, United Nations escrow accounts, the United Nations Compensation Commission, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are reported separately.

3. The accounts consist of 12 separate statements supported by schedules and notes and provide financial information in accordance with the United Nations system accounting standards relating to the United Nations General Fund and related funds, technical cooperation activities, general trust funds, the Tax Equalization Fund, the capital master plan and other funds. Statements I to III consolidate the information for all funds. Statements IV to XII provide further detail at fund level.

B. Mandate, scope and methodology

4. The Board of Auditors has audited the financial statements of the United Nations for the biennial financial period ended 31 December 2013 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing. The latter require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

5. The Board conducted the audit at United Nations Headquarters in New York and the offices in Geneva, Vienna and Nairobi, and visited operations, projects and offices in Ethiopia, the Occupied Palestinian Territory, Kenya, Mexico, Togo, Cambodia and Tunisia, and two regional economic commissions. The Board coordinated its work with the Office of Internal Oversight Services to avoid unnecessary overlap of effort and to determine the extent of reliance that could be placed on its work. The Board's report was discussed with management, whose views have been appropriately reflected.

Scope

6. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the United Nations as at 31 December 2013 and the results of its operations and cash flows for the financial period, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures

recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered necessary to support its audit opinion.

7. The Board also reviewed the operations of the United Nations under financial regulation 7.5, focusing on areas of fundamental importance to the capability, effective management and reputation of the United Nations: governance, in particular enterprise risk management (section D below), financial management and internal control (section E), the regular budget process (section F), the Office for the Coordination of Humanitarian Affairs and its stewardship of extrabudgetary resources (section G), the Organization's approach to tackling fraud (section H) and management of the workforce (section I).

8. The areas examined mirror many of the top-level organization-wide risks identified by senior management in May 2014. The coverage of these topics is intended to complement the Board's separate examinations of major United Nations business transformation projects, in particular the Board's third progress report on the new enterprise resource planning system (A/69/158), published in July 2014. The Board also comments in the present report on the overall management of business transformation in the United Nations.

C. Findings and recommendations

Follow-up of previous recommendations

9. Of the 40 recommendations made for the biennium 2010-2011, eight were closed by the Board in its July 2013 report on the status of implementation of recommendations (A/68/163). Of the 32 remaining recommendations, 20 (63 per cent) were fully implemented, compared to the 60 per cent rate of implementation in the previous biennium; 11 (34 per cent) were under implementation; and 1 was overtaken by events.

10. In its July 2013 report on the status of implementation of recommendations, the Board closed eight recommendations, detailing its reasons and stating that the underlying issues would be revisited during future audits, and new recommendations made if necessary (A/68/163, paras. 29-37). Otherwise, the Board reiterates all previous recommendations which are under implementation. Further details of the status of implementation are given in the annex to the present chapter.

11. The strategic nature of some recommendations, for example, the implementation of enterprise risk management, involves fundamental reform of the management system of the United Nations. It is entirely appropriate for the full implementation of such recommendations to take years to be accomplished. Therefore, the Board considers that the rate of implementation represents good progress.

12. At the end of the biennium 2012-2013, 8 of 67 recommendations made by the Board in 2008-2009 were under implementation. Of those, six were dependent on

the introduction of the new United Nations enterprise resource planning system (Umoja).

D. Governance

13. In its previous report, the Board emphasized the need to strengthen the governance system of the United Nations, focusing on accountability and progress in implementing enterprise risk management (see A/67/5 (Vol. I), chap. II, sect. D). It also highlighted lessons from its ongoing examinations of major business transformation projects and recommended a more integrated and strategic approach to business improvement.

14. It is management's role to deliver the objectives of the Organization. To do this management needs to establish an effective system of governance, encompassing structures, effective business processes and controls, clear regulations and rules and the information necessary to understand performance and where intervention is necessary. Anything that threatens or is a risk to delivery of the objectives needs to be identified and actively managed, which is why an organization-wide approach to risk management is of fundamental importance.

1. Enterprise risk management

15. The United Nations operates in a complex, volatile and risk-exposed environment, and delivers across a wide array of mandates. The ability to protect itself against anything that threatens the delivery of its vital objectives and to realize opportunities for more cost-effective delivery must be a vital focus of the strategic management of the Organization. Enterprise risk management is a process led by senior management, but involving every staff member, that is applied in strategy setting across the Organization. It is designed to identify potential events that may affect the entity and provide reasonable assurance regarding the achievement of the entity's objectives. It is a systematic process by which risks and opportunities that affect the Organization as a whole are identified, prioritized and treated (managed).

16. Both the Board and the Independent Audit Advisory Committee have highlighted the need for enterprise risk management to be one of the highest priorities of the Organization and for its development to be led by senior management. The Administration is committed to implementing an organization-wide risk management approach and has made positive progress during 2013 and early 2014.

17. Following extensive preliminary work to develop an organizational risk register and train staff in concepts of risk management that aligned well with good practice, the Management Committee in May 2014 identified six key strategic risks facing the Organization. The Committee is working to refine its understanding of these risks, but in broad terms they defined as:

- Organizational structure and degree of coherent coordination of priorities and objectives
- Barriers to delivery of organizational transformation
- Inflexibility in current strategic planning and budget allocation mechanisms
- Staff safety and security

- Managing the risks inherent in extrabudgetary funding
- Developing a capable and well-supported workforce

18. This is a major step forward and represents the most positive development on enterprise risk management the Board has seen within the United Nations. The main risks also align well with many of the issues the Board has highlighted in its United Nations-related reports over the last two bienniums, and also with the main areas of focus in the current report (in which the findings on, for example, the budget process, tackling fraud and managing the workforce reinforce the vital need for senior management to maintain a tight grip on the key organizational risks).

19. Much more work is needed before it can be demonstrated that the risk response strategy is working and improving the Organization's ability to manage risks effectively. An appropriate governance structure has been created to refine the top risks and to take forward the next tasks of reform, namely, establishing management processes and internal control frameworks to mitigate the risks effectively, while respecting the views of the General Assembly and key stakeholders. While still a work in progress, the enterprise risks form the basis for a vital strategic management tool that can be easily integrated with the Organization's strategic objectives and "business as usual" processes, while remaining adaptable as the challenges and risks facing the Organization evolve.

20. There is a need for the priority now being attached to enterprise risk management by the Management Committee to be matched across the Secretariat. Although all departments have participated in the risk assessment exercise, only nine departments have developed, or are in the process of developing, their own internal risk registers. The departments are continuing to develop local implementation plans and defining governance and escalation routes for risks. To maintain the current impetus, risk management procedures need to be embedded across the Organization and a clear plan for the next steps would be helpful in achieving this. The effectiveness of the new processes will be determined by the quality of risk management at all levels of the Organization, and in the effectiveness of action taken to manage and reduce the Organization's risk exposure.

2. Accountability and results-based management

Accountability

21. In early 2010, the Administration set out the fundamental elements of accountability, including an agreed definition (see A/64/640), and has since implemented initiatives to strengthen the accountability system. In its resolution 64/259, the General Assembly requested that the Secretary-General report progress on the subject each year. In January 2014, the Secretary-General, in his third progress report (A/68/697), highlighted ongoing initiatives as well as progress, including (a) the creation of a portal bringing together in one place all documents related to the functioning of the Organization in relation to accountability; and (b) the streamlining of senior manager compacts to focus on the top five programmatic priorities of each senior manager and assign greater responsibility for assessing the systems of internal controls and monitoring staff compliance with regulations and rules.

22. While the steps being taken by the Administration are recognized, there are continuing areas of concern which need to be addressed, including problems with

the current accountability framework. For example, the regular budget process (see sect. F below) remains a systemic barrier to improved accountability, because it is impossible to link the delivery of outputs and outcomes to actual costs, and thus managers are never really held to account for performance.

23. In section G of the present chapter (on the Office for the Coordination of Humanitarian Affairs), the Board highlights the need, where complex operations are evolving, to redesign and continuously assess accountability frameworks rather than relying on long-standing arrangements. For example, accountability for the management of country-based pooled funds has evolved over time to become shared between the appointed in-country humanitarian coordinator, the Under-Secretary-General for Humanitarian Affairs and the Controller. Shared accountability is not in principle a concern, but as highlighted in the present report, greater clarity is required regarding roles and responsibilities for decision-making.

24. In section H of the present chapter, the Board highlights the fact that 13 per cent of staff had not completed a performance evaluation as at January 2014, some 10 months after the review cycle had ended; the low number (135 or less than 1 per cent) of staff across the Secretariat categorized as failing to meet performance expectations over the last five years; and the lack of information in the performance management system on the remedial actions required to address poor performance and whether they had been followed up.

25. The areas of concern undermine the credibility of the performance appraisal system (a long-standing concern shared by the Advisory Committee on Administrative and Budgetary Questions) and indicate some very deeply entrenched cultural barriers to addressing staff performance, and therefore enhanced accountability, in the Organization. The Office of Human Resources Management is currently undertaking a review of the performance management system, which the Advisory Committee on Administrative and Budgetary Questions intends to review in the context of its upcoming report on human resources management.

Results-based management

26. The ability to understand what has been delivered for any level of budget consumption is fundamental to effective organizational governance and accountability. The Board highlighted previously a number of barriers to the development of results-based management in the United Nations, including overly complex programme planning which does not align the Organization's workplans and strategic goals; limited focus on outcomes and other weaknesses in the logical frameworks; and a lack of integrated performance and financial reporting. The Board comments further on these issues in section F below and in annex I to the present chapter, but overall considers that the barriers still remain.

27. In March 2013, the Administration's own conceptual framework for improved accountability and risk management (A/64/640) identified three systemic issues that needed to be addressed before the Organization could implement results-based management:

- Improved formulation of the logical frameworks, which is currently being addressed through working sessions between the Department of Management and the respective "process owners"

- Improved timing of the issuance of programme performance reports, currently being addressed through an ongoing training programme on the preparation of performance reports

- The capacity of the current management information systems to link results achieved to resources at programme and subprogramme levels (the Integrated Monitoring and Documentation Information System for programming, planning and budgeting; and the Integrated Management Information System (IMIS) for financial management). The Administration plans to address this issue in the implementation of Extension 2 of its new enterprise resource planning system (Umoja)

28. The Administration has convened a working group on the results-based management system to oversee the ongoing actions (A/68/697). The results-based management system will be implemented in a phased manner over the bienniums 2014-2015 and 2016-2017, with the Under-Secretary-General for Management accountable for implementation. However, the proposed implementation timetable is not underpinned by a detailed plan defining objectives, activities, milestones and deadlines and budgets.

29. **The Board recommends that the Administration establish how and under what time frame it will be able to more closely link budget consumption with what has been delivered in terms of outputs and outcomes; and with this aim in mind, set out a detailed plan for embedding results-based management as part of business as usual, defining clear responsibilities and resources.**

30. To assist the Administration in moving forward on results-based management in support of an effective system of accountability, the Board notes:

- The importance of visible leadership from senior management in promoting and advancing the accountability system as a whole by setting an appropriate "tone at the top" to drive forward the implementation of results-based management

- The need to build a strong culture of self-evaluation by programme managers. Most departments do not have any internal capability or capacity to evaluate the efficiency and effectiveness of their operations. For example, in April 2013 the Office of Internal Oversight Services noted that only 18 United Nations programmes or departments had dedicated evaluation units (see A/68/70, sect. III.A)

3. Business transformation

31. The Board has continued to report separately on progress on three major United Nations business (or organizational) transformation projects: the capital master plan (A/69/5 (Vol. V)); the new enterprise resource planning system (Umoja) (A/69/158); and the adoption of the International Public Sector Accounting Standards (A/69/155). The Board has also reported on the implementation of the global field support strategy in its latest report on peacekeeping operations (A/68/5 (Vol. II)). Each business transformation project involves considerable investment and, if well managed, has the potential to deliver significant benefits and to modernize the United Nations business administration.

32. The Administration agreed with the Board's previous recommendation that it establish an action plan to address five key lessons concerning the effective management of the overall business transformation process and to demonstrate how it is implementing a more strategic and holistic approach to the delivery of the business transformation programmes. Although initial work began on an action plan in 2013, it was not completed. But a range of actions were implemented to improve the identification and management of benefits realization, improve project governance and risk management and improve the tracking and reporting of costs and progress.

33. The Board has reported separately on the success or otherwise of these initiatives, but wishes to note here several positive steps taken to improve the Management Committee's overall focus on business transformation:

- Reporting of progress on the major transformation projects to both senior management and the General Assembly has improved in both quality and frequency, with greater attention paid to the interdependencies between activities and lessons, risks and emerging issues
- The Committee has improved its own decision-making processes, introducing a formalized and structured approach to raising and documenting agenda items and recording and following up on decisions. This is improving the visibility of and accountability for strategic issues, as well as senior managers' awareness of how major transformation activities will affect the Organization and the role they need to play in supporting successful delivery
- The barriers to organizational transformation have been identified by the Committee as a strategic risk, including the highly risk-averse culture of the Organization, which undermines willingness to re-examine entrenched working practices. Mitigating actions include developing a more coherent approach to business transformation based on a clear and shared business destination model supported by an effective governance framework

34. Further progress is required to more effectively manage the strands of transformation activity as a coherent business change programme, in particular:

- The need for a clearly articulated and agreed vision for the future United Nations that will enable managers to better understand the changes needed and their role in the delivery of a wider transformation agenda
- The need for an agreed and high-level target operating model adjusted to meet changing operational requirements to deliver the vision and the desired benefits. It should articulate the optimal organizational structure, including what work is performed where and by whom, according to which defined processes, agreed policies and business rules
- Greater recognition of the accountability of heads of business units for implementing new and improved ways of working, a critical lesson emerging from the initial roll-out of the new enterprise resource planning system in peacekeeping operations
- The continuing need for independently assured project plans that link project budgets to project deliverables, helping the Administration to monitor progress against expenditure and plan more effectively and realistically

35. Effective change management of this scale is complex and challenging, especially given the long-entrenched culture and ways of working in the United Nations. The Management Committee increasingly acknowledges, particularly through the experience of implementing the new enterprise resource planning system, that it may need to re-evaluate whether the Organization has the skills and resources required to embed new ways of working and continuously manage and improve day-to-day delivery

36. **The Board recommends that the Management Committee assess whether it has the tools and capabilities to support it in managing the organizational improvement programme, and that it devise a plan to address any gaps.**

E. Financial performance and management

1. Financial performance

37. The financial report prepared by the Secretariat and presented in chapter IV below provides a comprehensive overview of the financial position of the United Nations. Overall, the consolidated financial position of the United Nations remains healthy, with sufficient assets to meet liabilities. However, while some areas are rich in cash, others experienced cash-flow pressures during the biennium, notably the General Fund.

38. The consolidated financial statements of the United Nations recorded a deficit of $524 million (2010-2011: deficit of $184 million) and a net shortfall of income over expenditure of $917 million (2010-2011: net shortfall of $1.23 billion) when the additional expenses for end-of-service and post-retirement benefits are taken into account. The shortfall has been funded from reserves. Since 2011, the United Nations total reserves and fund balances have decreased by $478 million (24 per cent) to $1.550 billion.

39. The financial ratios in table II.1 illustrate that, when all funds are consolidated, the United Nations has sufficient liquidity in terms of cash, investments and holdings in cash pools to service its current liabilities (total liabilities excluding post-retirement liabilities). However, the liquidity of the Organization has declined since 2006-2007, as shown by the decline in the ratio of cash and investments to total liabilities. As explained in the financial report (see chap. IV, para. 12 below), cash-flow pressures on the General Fund in 2012-2013 resulted in the need to borrow temporarily from the Working Capital Fund.

Table II.1

Proportion of total assets held as cash and investments and effective rate of return

(Thousands of United States dollars)

	2006-2007	*2008-2009*	*2010-2011*	*2012-2013*
Total cash, investments and investments in cash pools	2 871 303	4 029 522	3 691 496	2 815 686
Total assets	5 236 741	7 206 538	8 119 312	7 207 958

	2006-2007	*2008-2009*	*2010-2011*	*2012-2013*
Total "current" liabilities (excluding post-retirement liabilities)	1 553 164	2 403 718	2 879 173	2 067 685
Ratio of cash and investments to current liabilities	1.85:1	1.67:1	1.28:1	1.36:1
Cash, investments and investments in cash pools as a proportion of total assets (per cent)	55	55	45	39
Interest income as an effective rate of return on United Nations cash pools (per cent)	8.7	5.5	4.23	1.85

Source: United Nations financial statements (volume I) from 2006 to 2013.

40. Table II.1 also shows that cash, investments and investments in the cash pools reported in volume I decreased from $3.7 billion in 2010-2011 to $2.8 billion in 2012-2013. The movement in cash is largely attributable to the consumption of investment balances held by the capital master plan to finance ongoing construction work during the biennium. The remainder reflects the funding of the excess of expenditure over income of some $500 million funded from reserves.

2. Internal control framework

41. A robust internal control framework, underpinned by collective responsibility is a fundamental aspect of effective governance and enterprise risk management. As the Board reported previously and continues to observe, the Administration has a strong cultural preference for technical compliance and has strong transaction-level controls over income and expenditure, underpinned by the Financial Regulations and Rules. The controls are largely embedded in IMIS, and in many cases appear to have been overly elaborate as demonstrated by the introduction of streamlined processes and controls in the new enterprise resource planning system.

42. In contrast, the Administration's high-level controls to monitor the overall financial position and performance of the Organization, and the effective stewardship and utilization of its resources, remain underdeveloped. However, the Administration has recently made significant progress towards embedding enterprise risk management and has taken steps to improve financial reporting to senior management. On financial reporting, the Administration has, for example, started providing a monthly analysis and commentary on key financial ratios and indicators to the Management Committee covering budget implementation, liquidity, asset utilization and financial sustainability. It also, as previously recommended, provides the Committee with a quarterly report analysing the Secretariat's cash and investment balances.

43. The Committee needs more in-depth information on financial performance to exercise effective strategic oversight of the Organization's resources. Management at all levels needs to receive comprehensive monthly finance reports showing in-month and year-to-date actual income and expenditure against budget and forecast, as well as monthly balance sheets showing the likely forecast end of period position of the Organization. The monthly management accounts should include

supporting commentary on how the variances between actual expenditure, budget and forecast have arisen, enabling the Management Committee to monitor financial performance, challenge the various departments, offices and business units on performance and update operational and strategic financial plans to reflect events during the year. Both IPSAS and the new enterprise resource planning system, Umoja, will provide the opportunity to significantly improve financial reporting to management, but as yet there are no formal plans to develop a new suite of management reports.

44. **The Board recommends that the Administration develop plans for the production of monthly management accounts and improved financial reports to management, drawing on the opportunities being provided by IPSAS and the new enterprise resource planning system.**

45. As previously reported, the internal control framework is not well documented. The Administration accepted the recommendation that it document the internal control framework and establish a governance mechanism to assess effective internal controls are across the Organization (A/67/5 (Vol. I), chap. II, para. 171).

46. This has not yet been implemented given other priorities and the need to address the complex accountability and management structures in a highly federated Organization. However, in 2012, directors and chiefs of mission support in peacekeeping and special political missions were required to submit letters of representation to provide senior management with assurances regarding the effectiveness of internal controls. This is a governance and accountability arrangement that could be applied more widely across the Secretariat.

47. Several entities in the wider United Nations system have implemented, or plan to introduce, a "governance statement" or "statement on internal control" within the financial statements. In these statements, management sets out the scope and effectiveness of the Organization's internal control framework, governance arrangements and risk management processes applied during the reporting period. Significant improvements to internal control frameworks can follow from the work needed to implement such statements. The United Nations considers, however, that it is not yet ready to implement such a statement, as more work is needed first to improve the accountability and internal control framework and embed this within the enterprise resource planning system.

48. **The Board recommends that the Administration, as part of its work on enterprise risk management, develop a strategy to enhance the accountability and internal control framework, including the development of a "statement on internal control" or equivalent document. This replaces the Board's previous recommendation on internal control (A/67/5 (Vol. I), chap. II, para. 171).**

3. Financial management

49. Good financial management requires effective planning, monitoring and risk management of the financial performance and position of an organization, and ensures strong accountability to stakeholders for the use and stewardship of resources. It typically involves strong financial planning integrated with strategic and corporate planning processes; a good understanding of the Organization's cost

base; and high-quality and timely financial information tailored to the needs of users.

50. The Board has reported on the continuing work to capture improved information on assets and liabilities in its latest progress report on IPSAS, and therefore does not comment on asset management in the present report.

Programme and administrative expenditure

51. Prior to the biennium 2012-2013, assessed contributions increased each biennium in absolute terms, but fell as a percentage of total income (from 64 per cent in 2004-2005 to 54 per cent in 2012-2013), reflecting a long-term trend of increased voluntary contributions for specific activities. In 2012-2013, the absolute total of assessed contributions also declined by 5 per cent, while expenditure decreased by less than 1 per cent, leading to a $524 million shortfall of income against expenditure and the consumption of reserve and fund balances.

52. The reduction in core funding from Member States both in absolute terms and as a percentage of total income, combined with continuing fiscal pressures and the increasing use of earmarked voluntary funding, increases the need to monitor and contain the Organization's administrative costs. This requires good financial information on administrative versus programmatic costs and expenditure,[1] based on a robust method of cost categorization.

53. The United Nations does not currently systematically analyse its total cost base between programme and administrative expenditure categories. The regular budget allocates costs among United Nations activities, including administrative functions such as common support services and administrative activities. The Board estimates that, of the budgeted regular expenditure shown in statement IV, approximately 68 per cent ($3.8 billion) is related to the delivery of front-line (programmatic) activities, while 32 per cent ($1.7 billion) is related to administrative functions.[2]

54. Neither the financial statements nor the underlying financial reporting data analyse the level of administrative expenditure incurred within the budgets of front-line activities in statement IV. Similarly, there is no way to identify the level of administrative expenditure incurred in the delivery of extrabudgetary activities. The United Nations administrative costs are therefore likely to exceed 32 per cent. The Administration cannot yet determine, nor can the Board form a conclusion on, whether this level of administrative overhead is justified for the scale of programmatic and other activity that it supports, or how it compares against any benchmarks of value for money for corporate business functions.

55. IPSAS and the new enterprise resource planning system offer the potential for the United Nations to better understand the costs of its activities. This will be vital, as it is likely that fiscal pressures and changes in funding methodologies will continue, increasing the pressure to manage administrative overheads as tightly and transparently as possible. Until it has better information on administrative and

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[1] The cost of delivering public services can be broadly divided into costs directly incurred in the delivery of an organization's front-line objectives ("programme" expenditure) and costs incurred for back-office and corporate functions ("administrative" expenditure).

[2] Common support services, public information, internal oversight, jointly financed administrative activities and special expenses, security and safety and staff assessment.

programme costs, the Administration cannot provide assurance to Member States on the efficiency and effectiveness of its use of financial resources.

56. **The Board recommends that the Administration develop a deeper understanding of its cost base and therefore the capability to compare and benchmark its administrative overheads and the performance of its business functions to drive more cost-effective delivery. This might entail creating a general ledger of analysis codes for administrative and programme expenditure (and classifying each transaction according to the appropriate code).**

End-of-service liabilities

57. The Administration's unfunded end-of-service benefit liability has risen by just under 12 per cent from $3.2 billion to $3.6 billion. The increase reflects updated management assumptions on life expectancy, health-care costs and the discount rate used in the actuarial valuation. It is likely that the trend of increasing costs will continue into the future. Since the Administration does not invest in assets which match the movements in the underlying liability, the increase in liability during the biennium represents a likely increase in cash costs to the Organization in future financial periods to service the obligation. This could affect the future funds available to deliver mandates.

58. Other United Nations entities have developed medium-term funding plans with the aim of fully funding their employee benefit liabilities. The funded approach to end-of-service benefit liability creates an asset base which matches the movements of the liability reducing entities' exposure to increases in the underlying liability. The end-of-service benefit liabilities of the United Nations are currently underwritten by the General Assembly's commitment to service the cash costs of the liability on a "pay-as-you-go" basis.

59. The Board considers that the "pay-as-you-go" financing model exposes the General Assembly to the risk of increasing cash costs in future periods. Since there can be a significant time lag between the increase in the liability itself and the increase in the costs of servicing this liability, there is a risk that cash costs will spiral significantly higher under the pay-as-you-go financing model and begin to consume ever greater proportions of annual budgets.

60. **The Board recommends that the Administration prepare annual updates on the trends in, and funding options for, end-of-service liabilities in order to keep the General Assembly fully informed of the longer-term funding requirements associated with the pay-as-you-go approach.**

F. The regular budget

61. Budget planning and preparation is an essential part of an effective management system and at the heart of good public expenditure management. The budget in any organization is a key tool for demonstrating how resources will be allocated to deliver its strategic objectives. Budgets should represent an articulation of an organization's priorities and aspirations and communicate management's view on the resources required to achieve them, thereby establishing transparency and the basis for financial management and control and for holding management to account for delivery. Without these characteristics, an organization runs the risk that scarce

resources are not allocated and used to best effect, leaving the organization exposed when asked to demonstrate objectively what has been delivered for the resources provided, in turn undermining funders' confidence.

62. The budget can also, if developed and used well, be a highly effective tool to facilitate business transformation, a flexible response to new priorities, long-term spend-to-save initiatives, cross-boundary pursuit of value for money and sustainable cost reduction. For example, organizations that have successfully delivered major business transformation have used the budget as an integral part of an organizational approach to improvement by being clear about the reduced level of budget the organization, or parts of it, will need to operate with, while investing in the tools and skills needed to deliver the same or more output.

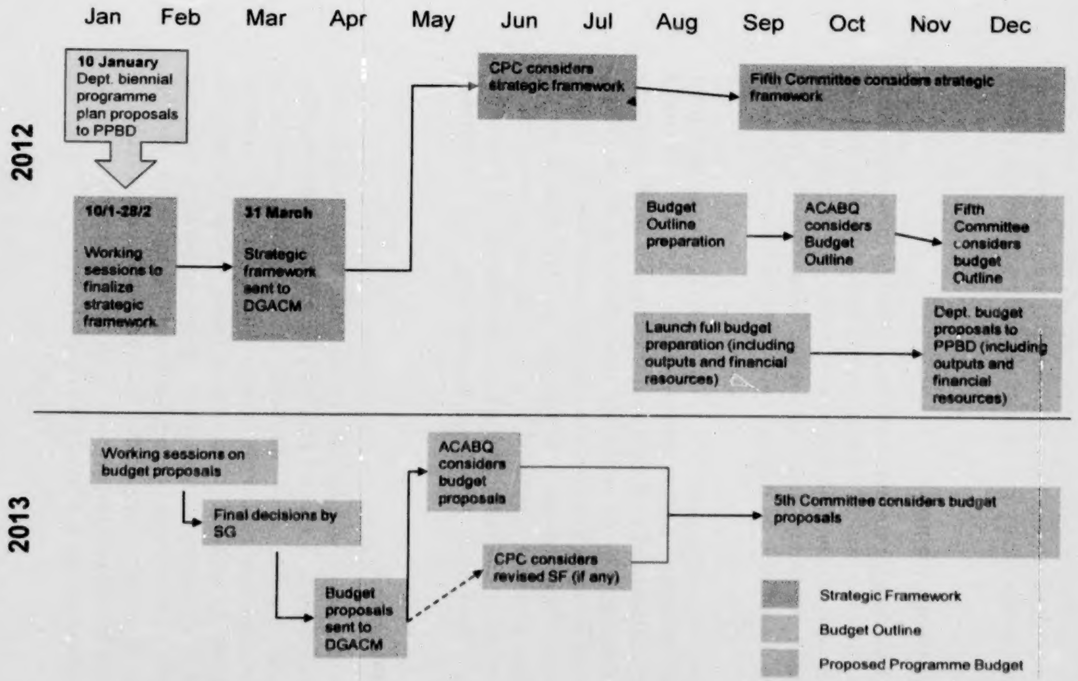
63. The Board examined previously the process of setting and reporting on departmental objectives contained in the strategic frameworks, and the progress in establishing an organizational approach to results-based budgeting. In the present biennium the Board examined the budget formulation process and assessed the strategic value of the budget as a fundamental financial management tool against international best practice.

64. The United Nations regular (or programme) budget covers the cost of the United Nations Secretariat in New York, Geneva, Vienna, Nairobi, the five regional economic commissions, special political missions and a number of information centres. There is a well-established formulation and approval cycle for the regular budget, used to build consensus among Member States and translate legislative mandates into programmes, and for planning and budgeting and monitoring and evaluation. As set out in the Charter of the United Nations, it is the General Assembly's responsibility to approve the regular budget and the Secretary-General's role to prepare it. Assembly resolutions 41/213, 42/211 and 58/269 and the Financial Regulations and Rules govern the regular budget process and set out the roles of the key stakeholders.

65. The regular budget process starts when departments are instructed to prepare their individual strategic frameworks and ends with General Assembly approval of the budget some 28 months later (see figure II.1).

Figure II.1

The regular budget process: 2014-2015 regular budget preparation timeline


Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2012
10 January Dept. biennial programme plan proposals to PPBD
10/1-28/2 Working sessions to finalize strategic framework
31 March Strategic framework sent to DGACM
CPC considers strategic framework
Fifth Committee considers strategic framework
Budget Outline preparation
ACABQ considers Budget Outline
Fifth Committee considers budget Outline
Launch full budget preparation (including outputs and financial resources)
Dept. budget proposals to PPBD (including outputs and financial resources)
2013
Working sessions on budget proposals
Final decisions by SG
Budget proposals sent to DGACM
ACABQ considers budget proposals
CPC considers revised SF (if any)
5th Committee considers budget proposals
Strategic Framework
Budget Outline
Proposed Programme Budget

Source: Office of Programme Planning, Budget and Accounts.

66. The Administration operates an incremental, "bottom-up" approach to formulating the budget. The Office of Programme Planning, Budget and Accounts in the Department of Management of the Secretariat, headed by the Controller, leads the Organization's budgetary operations, including the establishment and application of budgetary policies and procedures. Each of the 37 departments proposes a budget based on historical requirements, in particular the previous biennium. The process begins at the level of individual divisions within each department, whose proposals are consolidated by the Executive Officer. Departmental budgets are then consolidated by the Office of Programme Planning, Budget and Accounts into an overall budget proposal that details the overall regular resource needs of the United Nations.

1. Assessment of the budget formulation process

67. The Board examined the budget formulation process (using three case study departments)[3] from the point at which budget instructions are received by departments, to the point at which a consolidated budget is ready to be prepared by the Department for General Assembly and Conference Management, prior to submission to the Advisory Committee on Administrative and Budgetary Questions (see figure II.2).

68. Departments prepare their budget proposals upon receiving instructions from the Office of Programme Planning, Budget and Accounts. This is done on a division-by-division basis, consolidated by the Executive Office for approval by the relevant Under-Secretary-General. The proposals are then submitted to the Office, checked and clarified, before an agreement between the Controller and the Under-Secretary-General concerned. The departmental budgets are consolidated by the Office into the overall budget proposal, supported by a more detailed supplementary document for use by the advisory committee, which is approved by the Controller before submission to the Department for General Assembly and Conference Management for preparation.

Elapsed time to produce the budget

69. The Board considers that at 16 months, the regular budget process takes too long, particularly when compared to a typical elapsed time of six months in most national Governments. The timeline also introduces a significant amount of reworking, as the Administration must revisit the assumptions on inflation, currency fluctuations and other factors (recosting) at least four times. More broadly, the Administration is required to define its resource requirements to perform activities to meet objectives developed over two years before the budget period starts, and that may not actually happen until up to two years later. Member States do not receive a report on the results of their investment (programme performance report) until four years after the strategic framework was approved (see figure II.2).

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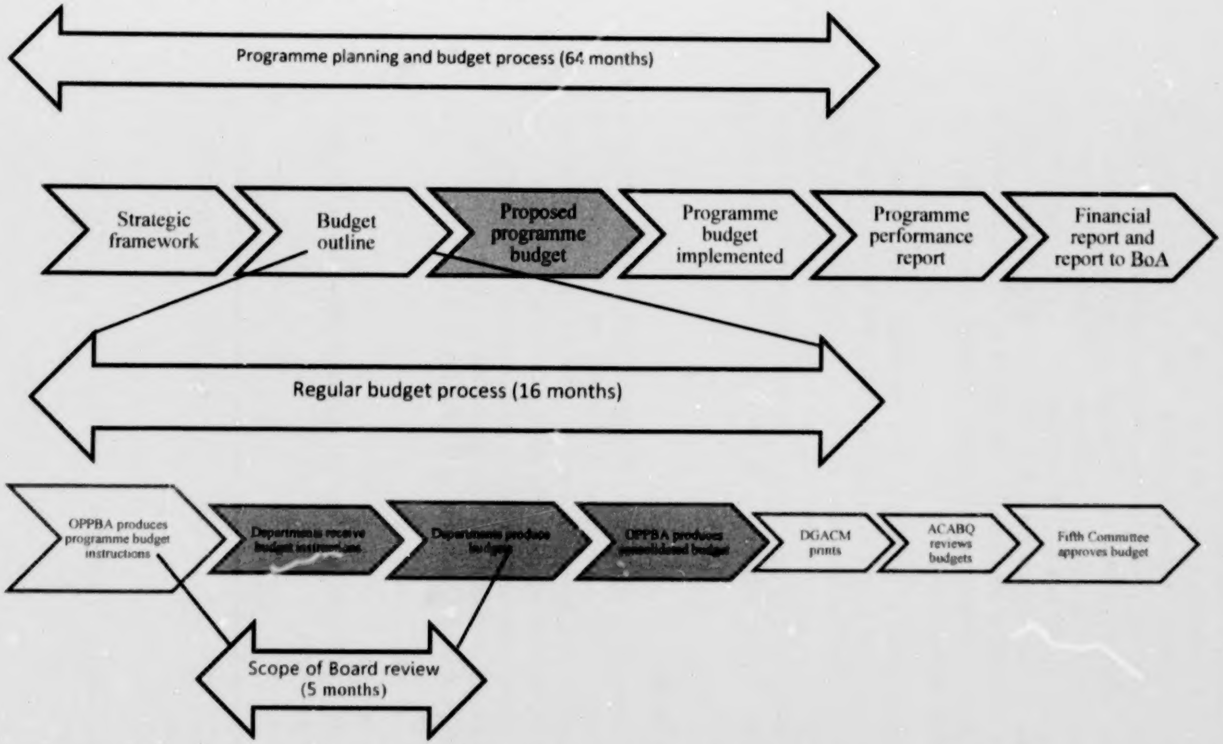
[3] Department of Economic and Social Affairs, Department for General Assembly and Conference Management and Department of Political Affairs.

Figure II.2

The scope of the Board's review of the budget process


Programme planning and budget process (64 months)
Strategic framework
Budget outline
Proposed programme budget
Programme budget implemented
Programme performance report
Financial report and report to BoA
Regular budget process (16 months)
OPPBA produces programme budget instructions
Departments receive budget instructions
Departments produce budgets
OPPBA produces consolidated budget
DGACM prints
ACABQ reviews budgets
Fifth Committee approves budget
Scope of Board review (5 months)

Abbreviations: BoA, Board of Auditors; OPPBA, Office of Programme Planning, Budget and Accounts; DGACM, Department for General Assembly and Conference Management; ACABQ, Advisory Committee on Administrative and Budgetary Questions.

The cost and effort required to produce the budget

70. On the basis of its examination, the Board considers that the regular budget process consumes an unnecessary and disproportionate quantity of resources for an organization the size of the United Nations. The United Nations does not operate a system of activity-based costing, making it difficult for the Administration to understand the amount of effort required to produce the budget proposal. The Board, however, estimates the effort consumed in preparing the budget proposal at a minimum of 3,900 days (31,000 hours) to a maximum 5,400 days (43,000 hours). This level of effort equates to 40 to 60 staff members working full-time over the five-month preparation period at an indicative cost of $2.4 million.[4] More importantly, there is a significant opportunity cost linked to the requirement for senior staff to use a high level of effort in a small part of the process, diverting their attention from more value adding activities.

71. The Board has not assessed in detail the effort expended in the remainder of the process, through to approval by the General Assembly, but this is likely to be significant given the level of effort consumed in supporting the General Assembly and its committees. While there are no definitive costs available, the Board broadly estimates this to be a further $1.5 million to $2 million in effort spent on hearings, including producing 1,061 written answers to the Advisory Committee and 643 to the Fifth Committee.

Level of change in the budget

72. The quantity of resources expended in producing the budget proposal becomes even more disproportionate when considering the limited level of change in the budget through the process, and from biennium to biennium. For example, staff costs[5] are relatively stable from biennium to biennium and are the single largest part of the regular budget (46 per cent, rising to 68 per cent if special political missions are excluded). A comparison of case-study department budgets highlights both the high percentage of staff costs as a percentage of the budget, and the limited change over time (see table II.2).

Table II.2

Staff costs as a percentage of the United Nations regular budget, including case-study departments (2010-2015)

	2010-2011	*2012-2013*	*2014-2015*
Department for General Assembly and Conference Management	77 per cent	79 per cent	77 per cent
Department of Political Affairs	7 per cent	8 per cent	9 per cent

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[4] This calculation assumes a 40-hour working week and a working year of 220 days. Interviews with the Administration consistently identify staff working significantly longer hours, including a high proportion of weekend work, particularly at senior levels, adding to the opportunity cost of the process.

[5] Salaries, benefits and allowances and staff assessments.

	2010-2011	*2012-2013*	*2014-2015*
Department of Economic and Social Affairs	90 per cent	88 per cent	87 per cent
United Nations regular budget	46 per cent	46 per cent	48 per cent
United Nations regular budget (excluding special political missions)	71 per cent	70 per cent	68 per cent

Source: Board analysis of Administration data.

The scope for improvement

73. The level of effort used in producing the budget is a good example of how parochial and labour-intensive administrative processes are a drain on the resources of the United Nations, but conversely represent an opportunity to free up finance staff for more value adding activities. Management has two clear opportunities to improve the process: in the next set of budget instructions (September 2014) and when defining the end-to-end budget process and associated ways of working as part of Umoja Extension 2 (late 2014 onwards). As reported in section D above (on business transformation) and the Board's latest report on the enterprise resource planning project (A/69/158), the United Nations needs to invest in developing the capability to manage and continuously improve business processes.

74. Some 90 per cent of the effort is spent on producing departmental budget proposals and 10 per cent on checking and consolidation by the Office of Programme Planning, Budget and Accounts. Therefore, in the Board's view, the focus of any improvement activity should be to reduce the information required and therefore the effort needed from departments, while improving the quality of the end product. There are a number of opportunities to reduce the significant amount of effort used, for example:

(a) Reducing the amount of manual input of the same information into different formats or systems;

(b) Reducing the 17 main types of forms used by departments. At least two of these forms, and parts of another two forms, are not used by the Office of Programme Planning, Budget and Accounts. This should reduce the at least 800 forms produced across the Organization during the budget process;

(c) Establishing the level of detail required to justify relatively small proportions of the budget such as travel, hospitality and printing;

(d) Clarifying the level of detail required to explain changes in posts (216 in the 2014-2015 budget), each of which requires the completion of a form containing information at an unusually granular level for the cost involved.

75. Reducing the level of effort would present the Administration with the opportunity to examine the current sequence and timing of the process. This could include, for example, waiting until the overall outline budget figure is known before departments start producing their budget proposals.

76. **The Board recommends that the Administration perform a light-touch review of "quick-win" changes to the current process to reduce the time and effort required as part of the next set of budget instructions (September 2014).**

77. **The Board also recommends that the Administration perform a review of the budget process and implement an improved end-to-end budget process, including the information and communications technology elements of Umoja Extension 2.**

2. The strategic value of the budget

Assessment against good practice

78. Understanding the strategic value the budget provides to Member States should be the starting point of any initiative to improve the budget process. The current process provides Member States with the opportunity to build consensus, reaffirm mandates and ensure that the necessary resources are in place to deliver mandates. The budget also provides a level of certainty for Member States concerning the cost envelope in the budget period. These characteristics need to be retained or enhanced in any future process.

79. The Board assessed the strategic value of the regular budget process as a tool for management against common principles of effective budget management[6] (see table II.3).

Table II.3

Assessment of the regular budget process against good practice

Good practice principle	*The Board's assessment of the regular budget*
Is used as a key tool to prioritize and optimally allocate resources to deliver the Organization's objectives	Produced on a department-by-department basis, is therefore an ineffective way to prioritize and allocate resources to deliver the objectives of the United Nations The incremental basis effectively locks resources into cost categories (such as travel and staff) for individual activities across budgetary cycles, resulting in limited change over time and very few discretionary resources available for management or Member States to redeploy to important priorities
Aids interpretation and supports effective decision-making through the provision of an appropriate level of detail and the use of clear justifications for resource levels, and good use of forecasts, trends, comparisons, benchmarks and scenario analysis	Like-for-like comparisons between bienniums are difficult owing to the complexity of the information and factors such as inflation, currency fluctuations, and accounting standards. There is limited use of forecasts, trends, comparisons, benchmarks and scenario analysis Management and therefore the General Assembly have little basis on which to challenge costs as the true cost of delivering activities is unknown

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[6] The principles are derived from the International Monetary Fund guidelines for public expenditure management and good practices cited by the World Bank and the Organization for Economic Cooperation and Development, combined with Board members' experience of good practice at the national Government level.

Good practice principle	*The Board's assessment of the regular budget*
Facilitates effective financial management and control, establishing the basis for the effective oversight of budget execution and the management of the financial dimensions of the Organization's operations	Limited understanding of the true cost of activities, including the costs of end-to-end processes that span organizational divisions, limits the effective oversight of budget execution. The time of the Office of Programme Planning, Budget and Accounts is heavily biased towards budget preparation and not oversight of budget execution
Facilitates cross-boundary pursuit of improved cost-effectiveness and sustainable cost reduction	Reinforces a culture of protection of budgets across individual departments with no mechanism or incentives on individual managers to achieve efficiencies or to act in the collective interest
	Immature understanding of the potential benefits of transformation programmes (exactly what the benefits will be and how and when they will be realized, including any investment required to secure them) has not yet resulted in reductions or increases in the budgets for the entire Organization, parts of the Organization or categories of expenditure such as information and communications technology, estates or staff costs
	Is not used to drive improved performance by rewarding high-performing parts of the Organization by giving them greater responsibilities and extra resources to manage "joint-working" initiatives such as shared executive offices
	There is no evidence of any consideration of the potential operational and financial benefits of joint working or the redeployment of activity to departments better placed to manage them
Supports results-based budgeting and management	Undermines the concept of results-based budgeting; the reporting and evaluation of results is not a significant part of the future budget formulation process owing to the incremental approach to budget development
Is a cornerstone of accountability and transparency	Undermines accountability; managers have no real ownership of their budgets, and because it is impossible to link the delivery of outputs and outcomes to actual cost, managers are not held to account. As reported in the previous biennium, there is a lack of integrated financial and performance reporting at all levels
Engenders longer-term forecasting of financial performance that is used to set strategy and monitor and judge managerial performance	There is no sense of a long- or even medium-term financial strategy that senior management is working towards

Source: Board of Auditors.

80. While the regular budget process provides an agreed overall financial envelope within which the Organization and each department and business unit must operate, judged against international best practice criteria the United Nations regular budget provides limited value as a management tool at a strategic and operational level. In summary:

- The regular budget is not built on an accurate understanding of the actual costs of delivery of activities
- It undermines results-based management and accountability, as the evaluation of results from the use of resources is not a significant enough element in the decision to allocate resources
- As a core financial management process, it does not support the Administration's ability to manage and prioritize operational delivery across organizational silos
- It is not used as a core enabler of business transformation at either the organizational level or within business units

81. The implication is that the United Nations has a budget that reinforces existing structures and systems, making it difficult to respond to changing needs without requesting more resources. The reality facing the United Nations is that public sector austerity continues to impact many Member States, hence the ability to manage the level of resource committed to existing activities more flexibly is integral to better responding to new priorities.

82. For the biennium 2014-2015, the Administration was required to include a $100 million reduction in the proposed budget. This process was done in a relatively short period, with the Controller's office developing a new mechanism ("the storyboard") to drive departments to articulate the consequence of the reduced budget proposal on the delivery of outputs and outcomes, providing greater transparency to Member States. In reality, this assumes that previous budgets were built on a thorough understanding of the true cost of activities, without which it is impossible to challenge a budget proposal on the basis of what activities "should cost", meaning any challenge is based on what things "did cost".

A layered approach to budgeting

83. Many organizations set a detailed annual budget in the context of a longer, rolling medium-term budget, typically three to four years. This longer-term focus is more conducive to the development of spend-to-save initiatives, which require a willingness to accept short-term cost in return for later benefits. The United Nations sets a budget for each two-year financial period, but does not perform medium- to long-term budgeting and forecasting.[7] There is no systematic budgetary analysis of the impact on future financial periods of expenditure committed with a multi-year profile. For example, investment appraisal and business planning for long-term projects such as the enterprise resource planning project are not currently incorporated into an overall medium- or long-term total budget or forecast for the Organization.

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[7] The United Nations stopped medium-term budgeting in 2003 (resolution 59/275).

84. Most organizations divide budgets between in-year spending or "resource" budgets (covering expenditure on items such as staff salaries and rent) and longer-term "capital" budgets (covering expenditure on multi-year investments such as major projects). A substantial proportion of the Administration's total expenditure is incurred on staff costs and major procurement costs. Commitments for expenditure of this type are made with a multi-year profile, as these costs typically extend beyond the financial period in which they are committed and into future years. This means that the Administration is in reality making expenditure and investment appraisal decisions which have a significant impact on future financial periods.

85. **The Board recommends that the Administration consider extending the budget period beyond the financial reporting cycle to incorporate medium-term summaries of financial commitments for financial planning purposes. The appraisals of major projects and the development of business cases could also be aligned with medium- to long-term financial planning, and included as a capital budget item.**

Using the budget to drive improved cost-effectiveness and business transformation

86. Organizations that successfully transform themselves use the budget process as the means to embed new ways of working by reducing or increasing the level of budget for the entire organization, parts of the organization or categories of expenditure such as information and communications technology, estates or staff costs. For example, a lower level of cost at which the organization will have to operate in the future may be defined; typically such a transformation is supported through the provision of new tools and skills. To date, there is no evidence that the Administration has considered using the budget to reinforce the move to new ways of working and the delivery of the associated benefits from the implementation of the new enterprise resource planning system, at an organization-wide level or a business unit level.

87. The budgetary process provides an opportunity to facilitate and provide incentives for cross-departmental working to reduce administrative or back-office support costs and reallocate resources into frontline activities. Departments produce budgets in isolation, suggesting that there are potential opportunities to consolidate functions through joint working. There is no evidence that departments have investigated these opportunities. Departments typically develop their budget proposals incrementally on the basis of previous budgets. These are considered by decision makers on an individual basis and there is little evidence that the Controller's office has the information to challenge proposals in terms of the comparative benefits and impacts of spending in one department against another and the best value combination of spending.

88. Given its strategic importance, if the United Nations is not prepared to make reform of the budget process an integral part of current wider reforms, it is unlikely that the Administration will leverage an optimal return on the significant investment in the transformation programmes now and in the future.

89. **The Board recommends that the Administration use the improved understanding of the true cost of end-to-end processing from the enterprise resource planning project to inform challenges to budget proposals.**

G. Office for the Coordination of Humanitarian Affairs

90. The United Nations increasingly relies on extrabudgetary funding from donors. Many important activities, such as the coordination of humanitarian activities, require careful management and stewardship of such funding to deliver vital services. This is particularly the case where funds are passed to third parties (or implementing partners), given the inherently increased risks of fraud and irregularity in such arrangements. Donors need confidence that such funding is being used appropriately and to good effect. It is vital, therefore, that the Administration provide, and demonstrate, a high standard of proportionate control and oversight. This is even more important given the unprecedented level of demand created by several humanitarian crises during the biennium.

91. A key objective of the Office for the Coordination of Humanitarian Affairs is to mobilize and coordinate action in response to humanitarian emergencies. During the biennium 2012-2013 the Office administered 13 emergency response funds, dispersing $175 million to 208 implementing partners to deliver 590 projects, and the Common Humanitarian Fund for Somalia, dispersing $126 million to 101 implementing partners.[8]

92. The Board previously highlighted weaknesses in the Office's oversight of implementing partners, in particular non-governmental organizations. The Office accepted the need to strengthen its procedures to obtain timely and sufficient managerial assurance that the funds provided to implementing partners are being used for the purposes intended and delivering the desired outcomes in a manner which demonstrates value for money, as well as the need to address and minimize the associated risks of fraud and error. The Board also recommended that in doing the above the Office look at good practices in other United Nations entities.

93. To assess progress, the Board examined organization-level procedures in the Office's headquarters in New York and Geneva, the management of three emergency response funds[9] and the Common Humanitarian Fund for Somalia, the only common humanitarian fund for which the Office has programmatic and financial responsibility.[10] As set out in annex I to the present chapter (recommendations two to four), the Office has implemented one recommendation and made significant progress in implementing the remaining two. The Board comments here on the improvements made by the Office and the areas requiring further action, as well as on issues that go beyond the Office in terms of the management of country-based pooled funds in which several United Nations system entities are involved.

94. During the audit, seven cases of fraud emerged in relation to projects delivered by non-governmental organizations funded from the Common Humanitarian Fund for Somalia. Given the importance of this issue and the need for the lessons to be

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[8] Emergency response and common humanitarian funds are country-based pooled funds administered by the Office.

[9] Ethiopia, Kenya and the Occupied Palestinian Territory.

[10] The Common Humanitarian Fund for Somalia is funded by donors through the UNDP Multi-Partner Trust Fund. A memorandum of understanding exists between individual donors and UNDP. UNDP and the Office, in turn, have a memorandum of understanding in which UNDP is the "administrative agent" managing the agreements and receipt of funds from donors, while the Office is the "managing agent" responsible for the financial reporting and accountability of funds allocated to it to deliver an agreed programme of projects.

quickly assessed and acted on, the Board also examined the circumstances behind the frauds and the Office's response.

1. Action taken to strengthen the management of implementing partners

95. The Office has responded positively to the concerns raised by the Board. It has strengthened its risk management and control framework and taken steps to enhance its corporate oversight capability and establish a global approach to managing the selection, approval, monitoring and evaluation of projects. For example, it has:

(a) Established global guidelines on emergency response fund management;

(b) Developed an accountability framework to help improve risk profiling of projects and implementing partners;

(c) Developed a new grant management system to better track projects;

(d) At a broader level, tightened headquarters oversight over all control and assurance activities (monitoring, financial reporting and external audits) to ensure that these activities are undertaken as required on a timely basis.

96. As a result of the actions taken, the Office is able to demonstrate an improved level of assurance for the biennium under review, with sufficient evidence that payments have been made properly and that external audits of projects have been properly completed. Overall, the Board has obtained sufficient audit assurance over payments to implementing partners in 2012-2013.

97. Despite the improvements made, the Office does not have a systematic approach to identifying effective working practices locally. Good practice which is operating effectively in one country is not routinely rolled out globally as part of a defined approach to continuous improvement. This has led to individual offices investing time and effort in developing bespoke solutions to the same issues.

98. More specifically, the Board identified two areas for improvement: developing staff skills and the better use of information (during project selection and monitoring and at completion).

Staff skills

99. The improvements in the control regime, and the establishing global guidelines on the management of the funds is positive, but this needs to be matched by a commitment to train staff at all levels, both in the field and at headquarters, in how to effectively oversee projects. The Office has not determined the extent of any gap in skills and the level of training required for its management and staff to fully embed the enhanced control regime. The Office acknowledges that staff are not adequately trained in aspects of business administration essential to their roles, including in financial management (for example, due diligence and fraud awareness), project assurance and monitoring, and operations management and improvement. The Office relies on the existing skills and experience of key individuals.

100. **The Board recommends that the Office for the Coordination of Humanitarian Affairs perform a skills needs assessment of the standard fund management process as described in the latest guidance and develop a costed training plan for staff at all levels, including increasing management capability both in the field and at headquarters.**

Better use of information during project selection

101. Project selection is undertaken by all of the entities involved in the pooled fund arrangement at country level ("the cluster") and subsequently by the technical review board.[11] The selection is the key control mechanism to ensure that funds are allocated to the best partners and projects. However, information generated through the selection, monitoring and closeout of projects is not used during project selection. For example, the clusters do not receive any formal feedback on how effective the projects they recommended were and how the implementing partners performed. Monitoring reports, external audit reports and project evaluations are not provided to clusters and technical review boards as part of the selection process. There is no documented requirement for an assessor to consider (a) previous performance from the implementing partner on other projects or (b) the performance and budgetary results of previous projects.[12]

102. All stakeholders consider the cluster approach to be a valuable mechanism for improving the coordination of humanitarian activity in a given country. It provides a forum for United Nations entities to informally share information. As a key part of the process for allocating humanitarian funding, clusters need to be provided with the best information available to provide the best chance of success, particularly given the speed of approval (in some instances just days) required for projects reacting to humanitarian crises.

103. **The Board recommends that the Office for the Coordination of Humanitarian Affairs require clusters and technical review boards to strengthen the consideration of previous project and implementing partner performance when recommending a project for approval by the humanitarian coordinator. This should include an assessment of:**

- **The non-governmental organizations concerned, including past delivery performance across United Nations entities, and due diligence on the company and key individuals**
- **The type of project, including the likelihood of successful delivery of the intended benefits, for example distribution of cash vouchers (high risk) versus construction (lower risk)**
- **The location of the project and the ability to monitor progress**

Better use of information during monitoring

104. Once a project is approved, the most effective way to gain assurance that funds are being used as intended is through monitoring visits performed by trained personnel. The Office could evidence that it used a number of approaches to monitoring visits, including:

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[11] Clusters are groups of humanitarian organizations, both United Nations and non-governmental organizations, with expertise in responding in each of the main sectors requiring humanitarian action, for example, water, health and logistics. Clusters ensure that humanitarian activities are coordinated and do not duplicate efforts. The technical review board, made up of United Nations agencies and non-governmental organizations, assesses if the project proposal is technically deliverable.

[12] Partner capacity assessment forms and the project appraisal template.

- Non-project specific but routine (monthly) visits to the area by regional field officers of the Office
- Planned peer reviews by other implementing partners
- Scheduled monitoring visits by technical experts of the Office at a defined point in the project life cycle (usually either the start or halfway through the project)

105. While the information generated by these methods provides assurance on the use of the funds and the delivery of assistance to beneficiaries, the staff members performing monitoring visits, while experienced, have not always been trained, and the information gathered is passed informally. This limits management's ability to identify problems when they occur and intervene.

106. The emergency response funds audited could provide monitoring plans and further evidence that monitoring visits had taken place to most projects, with priority given to those rated "high risk". The Office needs to further enhance its approach to monitoring and assurance by adopting a more graduated risk-based approach to the types of activities performed during monitoring visits. For example, where the Office has serious concerns regarding a project or implementing partner it should utilize audit access rights to perform a sample interim audit of project documentation, testing the financial control environment of the organization and the legitimacy of expenditure and matching the "burn rate" with the cost profile agreed in the business case. This approach could also be performed on a random basis as a deterrent if concerns are more widespread in a particular cluster or region. The Office could also periodically involve trained fraud investigators in such visits.

Better use of information after project completion

107. While implementing partners are required to produce a narrative report regarding what a project has achieved, these are not evaluated by the Office systematically against either the project proposal or monitoring information, nor used by the clusters to target future investments.

108. The Office spent $1.8 million in 2012-2013 contracting external audit firms to conduct financial audits on all projects delivered by non-governmental organizations prior to distributing the final 20 per cent of the project budget. While the audits are now performed on a timelier basis, addressing one of the Board's previous concerns, there is limited scrutiny of the external audit opinion and triangulation with the results of other monitoring activities.

109. The Office has not yet considered whether there are more cost-effective approaches to organizing external audits. For example, a more risk-based approach to audits would entail higher-value, higher-risk projects being subject to more intensive audits, including project site visits, to properly validate accounting information and interim audits. The additional costs could be offset by conducting lighter-touch audits, or even no audits, for projects or non-governmental organizations assessed as low-risk. It would be for management to assess the merits of such an approach against the level of assurance required across all of its activities.

110. There are two areas for improvement requiring action by the Office in concert with other entities involved in humanitarian assistance: clarifying accountabilities and sharing of information between entities.

Clarifying accountabilities

111. Accountability for the management of country-based pooled funds has evolved over time and is in effect shared between the humanitarian coordinator, the Under-Secretary-General for Humanitarian Affairs and the Controller. Shared accountability is not in principle a concern, but there is a need for greater clarity regarding the roles and responsibilities for decision-making, particularly when issues arise such as the discovery of frauds that require a rapid response.

112. **The Board recommends that the Office for the Coordination of Humanitarian Affairs, working with the various stakeholder organizations involved, document operational and financial accountability for the management of country-based pooled funds at both the global and country levels.**

Sharing of information between entities

113. There is no formal requirement for United Nations entities to share information on the performance of implementing partners, many of which contract with various United Nations system entities at any one time. There can also be sensitivities with regard to sharing information on the performance of host-nation implementing partners. While there are informal networks at country level, this is ad hoc and reliant on the initiative of key individuals. Effective coordination is based on having the most complete information possible, be it for targeting resources, improving due diligence through "blacklisting" implementing partners or acknowledging good performance. Without this, there is an increased risk that United Nations entities may unknowingly contract with implementing partners who are underperforming elsewhere, or even suspected of or implicated in fraud.

114. **The Board recommends that the Office for the Coordination of Humanitarian Affairs work with other United Nations entities to establish formal requirements for information sharing on the performance of implementing partners in each country office.**

115. In 2011, the Security Council called upon Member States and the United Nations to take all possible steps to mitigate the misuse and misappropriation of humanitarian assistance in Somalia (resolution 1972 (2011)). In response, the Somalia country office established a Risk Management Unit[13] to collate information from United Nations entities on implementing partners operating in Somalia and perform risk assessments on individual implementing partners. While this is a positive development, in a coherent system a specialist unit would not be required to facilitate the sharing and analysis of information on implementing partners.

2. Addressing fraud risks

116. Any activity in which funds are distributed to third parties carries a risk of external fraud. For the Office these risks are exacerbated by the environments in

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[13] There are currently two risk management units, one based in Somalia and one in Afghanistan.

which it operates and the speed with which projects are approved. The internal control framework plays an important role in preventing and detecting fraud and protecting the funds the Office administers.

117. During the biennium, seven implementing partners of the Common Humanitarian Fund for Somalia had been or were under investigation for suspected defrauding of the Fund. The investigations were initially identified in 2012 through a combination of analysis by the Risk Management Unit in Somalia and the proactive response of the Investigation Division of the Office of Internal Oversight Services to known risks of fraud in humanitarian projects in Somalia. The Investigation Division obtained the evidence of the frauds through the execution of audit/inspection rights in contracts with implementing partners by investigators trained to identify frauds. The inspection rights in these cases had not been utilized previously by the Office, limiting their value as a way to deter or identify fraud.

118. In most cases the investigations and subsequent actions are ongoing, but three investigations have concluded, indicating that some $3.3 million was fraudulently claimed or unsubstantiated,[14] constituting 70 to 79 per cent of the project funds investigated. The first case in particular was a sustained and systematic defrauding of the Office, with a strong indication that multiple other United Nations entities and donors may have been defrauded by the same non-governmental organization.

119. Management has disclosed $11.3 million in relation to the known frauds in the financial statements. The Board considers the extent of monies at risk, considering all funds passed to the non-governmental organizations concerned from the frauds investigated, or under investigation at the time of the present report, to be $17.1 million, of a total of $126 million allocated from the Common Humanitarian Fund for Somalia. The $17.1 million includes:

- All monies paid to the implementing partner referred to in the completed investigation which should be reported as confirmed fraud
- Monies paid to the implementing partners under investigation which should be reported as presumed fraud
- Monies paid indirectly (through another non-governmental organization or United Nations entities) to the implementing partners under investigation

120. At the time of reporting the confirmed and presumed frauds identified to date, while serious and indicative of deeper problems, were not sufficiently material to lead the Board to qualify its audit opinion on the United Nations volume I financial statements.[15] The Board was also aware that, while significant risks remain, management had not identified other cases of fraud in either Somalia or other high-risk country operations.

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[14] "Unsubstantiated" means that no satisfactory or genuine recording of documentation of claimed expenditures could be found.

[15] Financial statements are rarely absolutely correct, and an audit is designed to provide reasonable assurance that the statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would reasonably influence the decisions of the users of the statements. The values and nature of the frauds and the levels of uncertainty about undetected frauds were not considered material at the time of audit, but the Board does highlight them as matters of serious concern.

121. The Board remains concerned that the full exposure of United Nations humanitarian operations globally is not yet understood, and is likely to exceed the cases already identified and under investigation. For example:

- The emergency response funds operate in high-risk environments; over 50 per cent of emergency response funds operate in the 20 most corrupt environments as ranked by the World Bank[16]
- The speed of approval required to respond to humanitarian crisis can be days, limiting the amount of due diligence at the outset
- Humanitarian projects are generally delivered by a small population of implementing partners who contract with multiple United Nations entities
- There is limited sharing of information; at least one of the implementing partners under investigation had been previously identified by another United Nations entity of suspected misappropriation of funds

122. The Board also considers the Office's practice of disbursing 80 per cent of project funding in advance as both risky, in that it constitutes a loss of control and increases the exposure to fraud risks, and unjustified. The Office disburses 80 per cent of funds to non-governmental organizations at the start of the project regardless of context (on the assumption it is needed to facilitate the start-up of activities). The remaining 20 per cent is paid upon receipt of the project's evaluation (narrative) report and external audit. A risk-based approach would be to reduce the amount of funding paid up front, or link funding payments to the achievement of particular project milestones, dependent on the individual project. For example, from a controls perspective the highest-risk projects are those involving the distribution of cash, as it can be difficult to verify that funds went to beneficiaries. Not all cash is distributed at the start of the project, so funding could be released by the Office incrementally.

123. It is management's responsibility to prevent, deter and respond to the risk of fraud. The suspected frauds occurred from 2010 to 2012, and following notification of the fraud the Office ceased payments to the organizations under investigation. It has also improved its selection and monitoring processes in its Somalia operations, including:

- Risk assessments of all implementing partners, identifying 41 of 122 implementing partners as high-risk, which is now a key consideration when selecting a project
- Development of a database to inform the approvals process by detailing the inherent risk of the proposal due to project type, location and the implementing partner involved. The database also produces a suggested monitoring plan for the project
- Where staff cannot access the project to perform monitoring visits owing to security concerns, employing third parties to monitor projects or using call centres to telephone beneficiaries to ascertain if the project is delivering assistance

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[16] The World Bank governance index reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the State by elites and private interests.

124. The controls are still to be fully embedded in Somalia but are a positive step. The investment made by the Office is appropriate in the context of Somalia, but not all funds carry this level of risk. The Office needs to determine how it can proportionally and appropriately strengthen the control environment in other country operations and roll out the necessary improvements as quickly as possible. In the meantime, the Office, working with its humanitarian partners, needs to urgently assess the levels of likely exposure in other high-risk country operations. The Board understands that the Risk Management Unit in Afghanistan is in the early stages of this kind of assessment.

125. **The Board recommends that the Office for the Coordination of Humanitarian Affairs accelerate implementation of the improved controls established in the global guidance and accountability framework. This should be done with a more risk-based and flexible approach to the management of implementing partners in country operations involving:**

(a) **Risk assessments to vet implementing partners to create a pool of trusted suppliers;**

(b) **Revised funding arrangements where high-risk implementing partners receive an initial payment lower than the current initial 80 per cent payment;**

(c) **Enhanced monitoring arrangements where, for example, high-risk projects should be subject to interim audits/inspections using audit access rights, while monitoring of lower-risk projects could be based on visits from regional staff;**

(d) **Working with the Office of Legal Affairs to strengthen the current memorandum of understanding between the Office for the Coordination of Humanitarian Affairs and implementing partners.**

Action taken on the frauds

126. The status of the fraud cases investigated or under investigation in relation to funds of the Common Humanitarian Fund for Somalia is set out in table II.4.

Table II.4

Status of the fraud investigations of the Common Humanitarian Fund for Somalia as at 30 May 2014

(Thousands of United States dollars)

Case No.	*Type of implementing partner*	*Amount paid*	*Amount on hold*	*Date of advisory report*	*Date of final investigation report*
1	Non-governmental organization	5 399 877	1 054 956	March 2013	November 2013
2	Non-governmental organization	804 575	160 915	May 2013	May 2014
3	Non-governmental organization	850 000	–	July 2013	May 2014
4	Non-governmental organization	3 646 746	677 645	Ongoing	
5	Non-governmental organization	3 589 389	353 577	Ongoing	
6	Non-governmental organization	546 852	–	Ongoing	
7	Non-governmental organization	1 013 106	68 806	Ongoing	
	Total	**15 848 545**	**2 315 899**		

Source: Board of Auditors analysis of data of the Office for the Coordination of Humanitarian Affairs.

127. The first fraud case was notified to the Office via an initial "advisory report" in April 2013, followed by a completed investigation report in November 2013. On 2 June 2014, the Administration formally referred the case to the relevant national Governments where the non-governmental organization has a presence. A decision on action on the next two completed cases is pending.

128. While recognizing the need to proceed cautiously, especially where there are political and security and safety considerations, the Board considers that the elapsed time in this case also reflects the absence of clear protocols within both the Office and the United Nations on the steps to take and the offices and departments to be involved when a fraud case of this nature emerges. The Board comments further, and makes recommendations on this matter, in section H below.

H. The United Nations approach to tackling fraud

129. All public organizations have a responsibility to develop anti-fraud policies and strategies, to show those seeking to defraud them that such action is unacceptable and will not be tolerated. As well as diverting public money away from vital services, fraud can undermine the confidence of those who support and fund the Organization.

130. The United Nations is required to operate in high-risk environments and is exposed to a wide range of different fraud risks, both internal and external. The frauds may be opportunistic attempts by individuals that, while small, can add up to significant losses if not tackled. At the other end of the scale the United Nations may be exposed to systematic, well-organized and premeditated fraud, as illustrated by some of the cases perpetrated against the extrabudgetary funding (Common Humanitarian Fund) managed by the Office for the Coordination of Humanitarian Affairs over the biennium 2012-2013.

131. While in section G of the present chapter the Board reports the positive steps taken by the Office for the Coordination of Humanitarian Affairs to address the frauds, it also notes with concern that this has been done in the absence of a mature and integrated organization-wide approach to tackling fraud risks in the United Nations. In light of the strategic importance of this issue the Board examined the United Nations approach to tackling fraud. In so doing it drew on the work of the Internal Audit Division of the Office of Internal Oversight Services, in particular a recent survey of the anti-fraud arrangements in place across a number of United Nations entities (report No. 2014/051, available from www.un.org/Depts/oios/). That report raises a number of concerns which are consistent with those of the Board set out below. These include the fragmentation of existing policies, procedures and guidance for identifying and reporting fraud; the need to improve the timeliness of reporting by entities; and the need to establish a mechanism to ensure more complete reporting of cases of fraud or presumptive fraud.

Reported fraud

132. A total of 69 cases of fraud or presumptive fraud with a value of $13.3 million have been reported to the Board over the last 10 years, equivalent to just over 0.03 per cent of expenditure over the same period (see table II.5). The majority of the cases relate to relatively minor internal infractions. Given the scale and complexity of global United Nations activity and the high-risk environments in which that activity takes place, in the Board's view the level of fraud or presumptive

fraud reported is very low and is unlikely to reflect either the level or nature of the fraud risks faced.

Table II.5

Cases of fraud and presumptive fraud reported from 2004 to 2013

(Thousands of United States dollars)

	2004-2005	*2006-2007*	*2008-2009*	*2010-2011*	*2012-2013*	*Total*
Cases of reported fraud	7	14	21	9	18	69
Value of reported fraud	Not disclosed	645	730	66	11 876	13 317
Value of expenditure reported in volume I of the financial report of the United Nations	5 318 794	6 844 565	9 275 034	10 634 480	10 631 058	42 703 931

Source: Frauds reported to the Board from 2004 to 2013.

133. While the Board during its audit has not identified any cases of fraud in addition to those already reported, it is impossible to determine whether the level of fraud and presumed fraud cases reported to the Board is complete. In the absence of an integrated intake mechanism, the reporting arrangements for fraud cases are fragmented and heavily reliant on staff across the Organization understanding what they need to report and refer in the first instance. The Administration requires all departments to report these matters directly, but in practice relies on the Office of Internal Oversight Services to provide this information.

Fraud awareness

134. While important measures to counter fraud and corruption have been established (such as whistle-blowing policies and ethical guidance), the level of fraud awareness among staff is low. Typically organizations have a clear code of conduct setting out in a clear way the behaviours expected across a range of areas, including what to do if fraud is suspected. In the United Nations, the Staff Regulations and Rules set out standards of conduct, but there is no single clear statement which sets out the personal responsibility of staff specifically in relation to preventing fraud.

135. Senior management can play an important role in building a strong anti-fraud culture by clearly stating and reinforcing the ethical values of the Organization and by making staff members aware of the risks of fraud and how they should respond to suspected wrongdoing. Fraud awareness training is a vital component of an organization's counter-fraud policies, and the Board, while acknowledging the training and guidance provided to new staff and managers of the United Nations on ethics, notes that it is not mandatory for staff to attend training on anti-fraud and related policies.

136. **The Board recommends that the Administration raise awareness of fraud risks by establishing a clear code of conduct (recognizing that a code of conduct includes requirements wider than fraud), reinforced through regular communication of fraud issues and through mandatory training courses for all staff.**

Fraud risk assessments

137. While it is impossible to measure 100 per cent of fraud, and some will always remain undiscovered, assessing the potential scale of loss and exposure to fraud is an important first step in understanding if an organization has a problem. It enables an appropriate and proportionate response to be developed and helps determine the relative priority that should be given to tackling fraud risks given all other calls on resources. Depending on the scale of the issues faced, organizations may develop sophisticated estimates of the scale of the fraud or, where this approach is unsuitable, use techniques such as in-depth research in areas where fraud is suspected to determine the scale and nature of the threat.

138. Aside from the relatively recent work of the risk management units established in Somalia and Afghanistan (commented upon in section G above), there is no evidence that the Administration has thought through how to obtain a better understanding of the fraud threat it faces, or conducted a thorough assessment of its fraud risks and vulnerabilities at the organizational level or within business units. In particular, the exposure to fraud by external parties has not been systematically evaluated. The General Assembly, in its resolution 62/63 on criminal accountability of United Nations officials and experts on mission, has a focus on pursuing cases of internal fraud. There is no equivalent resolution setting out the basis for pursuing cases of external fraud.

139. Assessing the risk of fraud is fundamentally the responsibility of management. But in carrying out this responsibility, management can reasonably expect strong input from the in-house expert resources on fraud. The Office of Internal Oversight Services has a responsibility to assess the potential for fraud and other violations across the Organization and recommend corrective action to minimize the future risk of such violations. However, until recently it has adopted a reactive approach to this role, responding only to reports of fraud rather than proactively assessing fraud risk, engaging in research and conducting investigations to identify and deter internal and external fraudulent activity.

140. The Board previously recommended that the Office of Internal Oversight Services assess the potential for fraud, in particular external fraud, and other violations across the United Nations. The Investigations Division of the Office has in the biennium 2012-2013 become more proactive in identifying and investigating external frauds (as the cases in Somalia against the Office for the Coordination of Humanitarian Affairs illustrate). The Office also in 2013 launched a major internal review of its investigation capabilities and activities and is pursuing an improvement agenda. However, resource limitations and lack of appropriate skills have hampered progress.

141. The Investigations Division is developing a "proactive risk unit", with new skills and resources to both analyse fraud risks and take on fraud detection and investigation work. This remains at an early stage of development, but offers the promise of a more systematic approach within the Office to assess fraud risks and monitor unusual patterns of activity to detect fraud. In the meantime, techniques such as data mining and matching[17] remain unused in the Administration to analyse

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[17] Data matching involves computerized scanning of data held in different files either within an organization or across multiple organizations for a range of purposes, including fraud detection. Data mining is the process of selecting and modelling large amounts of data to reveal previously unknown patterns, behaviours, trends or relationships which may help to identify cases of fraud.

fraud risk and detect suspected fraud cases for investigation. These techniques hold huge potential both within the United Nations and across the wider United Nations system, but require specialized skills and software.

142. **The Board recommends that the Administration conduct a comprehensive fraud risk assessment, using in-depth research in high-risk areas, to determine the Organization's vulnerabilities and exposure to risks of fraud from both internal and external sources.**

143. **The Board also recommends that the Administration support the development of the Office of Internal Oversight Services as a central expert resource to support and work with departments to assess, analyse and act upon all significant fraud risks.**

Policies, procedures and guidance

144. The Administration does not have a single, comprehensive and authoritative anti-fraud and corruption policy. Counter-fraud policies do not clearly define fraud or provide a single set of procedures to follow if wrongdoing is suspected. There are differing sources of guidance on how and where to report cases of fraud. Guidance material can be contradictory in the actions required and there is therefore confusion as to precisely which route staff should follow when they detect or suspect fraud. As a result, the United Nations does not have good information on the volume and types of cases being reported, leaving management unsure as to whether the Organization is responding appropriately.

145. Uncertainty over the correct procedures to follow may deter or delay staff from reporting or addressing fraud. The confusion over reporting arrangements creates a further risk of multiple reporting and that perpetrators will become aware of allegations and important evidence will be compromised or lost. The absence of a single point of contact for reporting fraud cases also means that allegations will not be consistently evaluated in the first instance. It is possible that fraud allegations will not be forwarded to experts of the Investigations Division of the Office of Internal Oversight Services who are best placed to advise on an appropriate response. Alternatively cases forwarded to the Office may have been more appropriately sent to other parts of the Organization to address, for example, the Ombudsman or heads of office.

146. Improving controls and ongoing work to assess external fraud risks in high-risk environments may result in the detection of more frauds. There is, therefore, an urgent need to establish a clear end-to-end process for responding to any future frauds, that ensures clarity as to roles and responsibilities and provides a standard operating procedure that is well understood across all stakeholders in the Secretariat. Without such a procedure there is a risk that the Administration may waste time in taking action, reducing the chance of a successful prosecution or the recovery of misappropriated funds, which in turn reduces the deterrent impact of such actions.

147. **The Board recommends that the Administration review and rationalize the current suite of policy and guidance material on fraud and other misconduct to provide staff and others with clarity concerning the correct procedures to follow when a fraud is discovered.**

148. **The Board also recommends that the Administration establish a central intake mechanism for all reporting of staff grievances and suspected fraud, allowing the cases to be properly screened and assessed and sent to the right part of the Organization for action, and facilitating improved data collection.**

Sanctions

149. A strong and unequivocal response to proven fraud is essential in reinforcing ethical values and sending a clear message to staff and external parties that such behaviour will not be tolerated. Sanctions should not be limited to internal disciplinary procedures but should also extend to using all available legal remedies to prosecute offenders and seek recovery of funds.

150. The Administration has rarely pursued legal remedies. While there have been some high-profile legal prosecutions in the past, the majority of staff and external parties who commit fraud against the Organization are not pursued through the courts, though the decision to prosecute lies with the legal system of the country to which the case has been referred and the Organization may not always recover any misappropriated funds. While there may be some specific circumstances in which the Organization would not wish to pursue legal action, there is no clear policy on when such action should be contemplated, nor is there evidence that legal action is considered as a matter of course.

151. **The Board recommends that the Administration develop a framework of actions and arrangements for the systematic legal pursuit of all proven cases of fraud.**

Whistle-blowing

152. The typical requirements of a whistle-blowing policy are set out in annex IV to the present chapter. Table II.6 summarizes how the United Nations performs against these requirements. While there are whistle-blowing arrangements in place, the Administration has not made them available to external parties and does not have a complete picture of reported cases and how these have progressed, largely because it does not have a single point of entry for whistle-blowers to report wrongdoing.

153. The Board notes that the United Nations has a protection against retaliation policy, but that despite the policy being enacted to promote the reporting of serious misconduct harmful to the Organization (such as fraud or corruption), it is very often used as a staff grievance mechanism for work performance and interpersonal disputes, duplicating existing human resources management arrangements for handling such cases and consuming a lot of resources and energy. It also serves to undermine the staff appraisal system, as managers become reluctant to hold individuals to account for poor performance. The Administration commissioned an external expert to review its protection against retaliation policy in 2012-2013 and is now considering potential revisions.

154. The Board notes that in many organizations it is a typical requirement that protection against retaliation policies be applicable only to staff alleging retaliation after making a serious allegation of wrongdoing which is clearly harmful to the Organization, and that the policies provide a high level of protection in such cases.

Table II.6

Assessment of the United Nations whistle-blowing arrangements

Criteria	*Board assessment*
Communication	There is considerable effort put into outreach activities and training by the Ethics Office, although beyond that effort communication is not easily visible
Accessibility	Accessible through the ethics road map
Universality	Internally focused. There are no clear whistle-blowing arrangements in place for external parties such as suppliers, distributors, consultants, contractors, customers or implementing partners
Confidentiality and anonymity	Protection against retaliation arrangements
Screening	No screening arrangements in place. There is no central intake mechanism
Data collection and analysis	There is no systematic collation of data on whistle-blowing, owing to the lack of a central intake mechanism
Remedial action and feedback	No formal arrangements in place
Reassuring potential whistle-blowers	Arrangements for protection against retaliation are in place. But the majority of retaliation complaints received by the Ethics Office relate to workplace conflicts and interpersonal disputes rather than being limited to the reporting of misconduct harmful to the Organization
Management visibility	Direct interest by senior management not always evident

Source: Board assessment.

155. **The Board recommends that the Administration update and enhance its whistle-blowing policies and procedures to cover the risk of both internal and external wrongdoing.**

Integrated strategic approach to tackling fraud

156. The United Nations is a complex organization, operating globally with a diverse range of activities, often with a range of third parties, and often in very challenging local environments. It is likely to be exposed to fraud risks and needs to manage these risks carefully to maintain donor confidence. Despite this the Administration does not have an integrated strategic approach to tackling fraud.

157. Many organizations have implemented a strategic approach to fraud. It fits with good corporate governance, which involves assessing and tackling business risks at organizational and operational levels. A strategic approach is also important in achieving a proportionate and cost-effective response to fraud risk and making a good case for the resources needed to tackle such risks. And it can be used to communicate the organization's approach to both staff and external parties by way of a deterrent message.

158. Typically an integrated fraud strategy will involve:

- A well-developed understanding of the types of fraud risk the organization is exposed to and an improved understanding of the scale of the problem
- Clear assignment of responsibilities for tackling fraud
- Plans for managing frauds tailored to the different parts of the organization (plans can exist at the organizational level, at business unit level or in relation to a specific fraud risk)
- A package of measures to prevent, deter, detect, investigate and impose sanctions on fraud
- Senior management monitoring of performance and review of plans and measures

159. **The Board recommends that the Administration develop an integrated strategic approach to tackling fraud, drawing on the many practical examples of good practice being adopted across the world and adapting these to the Organization's circumstances. The first step will be assessing and understanding the type and scale of fraud threats the United Nations is exposed to.**

I. Managing the workforce

160. Effective workforce management plays a critical role in an organization's ability to achieve its objectives. In addition to delivering the right skills for the right job at the right time, organizations should provide opportunities for staff members to learn and develop skills as their careers progress and organizational priorities change, and manage and incentivize staff performance. Organizations also need to be able to deploy staff flexibly and measure how effectively staff are utilized.

161. The Office of Human Resources Management is responsible for providing human resources support to some 44,000 staff across the Secretariat. To assess the effectiveness of workforce management in the United Nations, the Board examined the processes for workforce planning; staff recruitment and selection; learning and development; staff mobility; and performance management. The Board also examined, as a case study example, the steps taken by the Administration to strengthen the capability of procurement staff.

Workforce planning

162. Workforce planning is a fundamental element of the talent management framework in an organization. It provides management with a way to align the workforce with the business plan, anticipate change and address current and future workforce issues.

163. The Board noted that the Office of Human Resources Management did not participate in the budgeting process and conducted workforce planning after the General Assembly approved the budgeted posts. This means that staff numbers do not reflect the Organization's strategies, missions and anticipated future trends, or workforce demands within individual departments. Workforce planning also reflected only short-term priorities, with no assessment of medium or longer-term planning and no formal guidance issued to staff to standardize the planning process. Workforce planning was also given insufficient strategic importance, with only

1.5 full-time equivalent staff dedicated to the task. The Office has identified workforce planning as a priority and, in March 2014, set up a project to develop a comprehensive and robust workforce planning system.

164. **The Board recommends that the Administration develop a medium- to long-term strategic workforce strategy and operational workforce plans. These should be informed by a review of the Organization's strategy that identifies any gaps in headcount, grades, knowledge and skills.**

Staff recruitment and selection

165. The United Nations has a target to recruit staff within 120 days. However, this target does not cover the complete recruitment process. For example, it does not include measurement of the onboarding process following candidate selection. The Office has developed a separate internal target of 143 days, although this still fails to cover all stages of the recruitment process (see table II.7) from the point at which the vacancy occurs to the post being filled. Tracking the end-to-end recruitment process is important because this reflects the actual length of time business units do not have the staff they need to deliver their mandates. This may lead to a high number of temporary appointments, and increase pressure on existing staff.

Table II.7
Stages in the recruitment process

Process	*Target*
Vacancy occurs	Unknown
Planning period	
Job requisition approval	23 days
Job posting request approval	
Job opening building	
Job opening detail approval	
Pre-job posting	
Job posting (fixed)	120 days
Initial human resources assessment	
Recommendation of candidates	
Status matrix review	
Central review body endorsement	
Selection	
Onboarding	Unknown
Post filled	

Source: Board analysis of Administration's data.

166. It is unclear whether the 120-day target refers to working days or calendar days. However, against either measure the United Nations has, on average, failed to achieve this target in each of the last three years (see table II.8).

Table II.8
Average recruitment lead times between 2011 and 2013

Year	*Working days*	*Calendar days*
2011	163	228
2012	148	207
2013	146	205

Source: Board analysis of Administration data.

167. The Office is unable to track the complete recruitment process because it lacks an integrated information technology system to share information with other departments. In the absence of a system to support measurement of the time taken to complete the full recruitment process, management does not have reliable information on how long it takes to fill vacant posts.

168. The Office does not have key performance indicators to measure wider performance of the recruitment process. For example, it has no measures to assess its performance in terms of getting "the right person with the right skills to the right post at the right time". It also does not analyse expenditure on recruitment activities. Without cost and performance information, it is difficult for the Office to compare performance to previous years, to confirm that outputs are proportionate to the use of resources and in line with targets, and to compare recruitment performance across departments.

169. **The Board recommends that the Administration establish performance measures of the effectiveness of the recruitment process around getting "the right person, with the right skills, to the right position, at the right time and at the right cost".**

170. **The Board also recommends that the Administration perform an end-to-end review of the recruitment process to identify opportunities to reduce the lead time to recruit from the point at which a vacancy occurs until the post is filled.**

Skills and capability

171. A comprehensive and centralized skills strategy enables organizations to identify the gap between current skills and future skills requirements, in order to continuously review learning and development needs and the associated training required. There is, however, no single entity responsible and accountable for assessing the training needs of the entire Secretariat and no centralized skills strategy based on a Secretariat-wide analysis of skills gaps. The Board's work found no centralized monitoring of training courses. Training is managed and delivered by a number of separate offices with no formal mechanism in place to coordinate learning and career development within and between departments.

172. For example, the Procurement Division of the Department of Management has continued to take steps to strengthen the capability of procurement staff through introducing a three-phase training programme consisting of:

- Phase 1: mandatory training in ethics and integrity in procurement; best value for money; fundamentals of procurement; and an overview of the procurement manual
- Phase 2: more advanced courses for requisitioners, procurement staff and contract managers in acquisition planning, contract management and contractual issues in purchasing
- Phase 3: selected procurement staff nominated to work towards an internationally accredited procurement certificate

173. The Procurement Division informed the Board that it does not possess the jurisdiction to formulate mandatory requirements for staff in other business units who perform contract management.

174. The Board has highlighted both existing skills gaps (such as commercial capability to support major projects), and the risk of future skills gaps following the introduction of IPSAS and the enterprise resource planning system. For example, the Administration has conducted training sessions for staff involved in the implementation of IPSAS, but there is as yet little sign of a more systematic plan and approach to developing the financial management skills needed, both in finance and more widely. Similarly, the development of advanced data analytics skills is needed to make the best use of the new information and functionality that will be available following the implementation of IPSAS and the enterprise resource planning project; these skills are key to realizing the forecast benefits.

175. Another forecast benefit from the streamlined financial and budgetary processes in the enterprise resource planning system, if delivered successfully, is the potential to free up time to enable resources to be shifted into providing more value-adding financial services to the Organization. Such services could include financial modelling of possible organizational changes as part of wider reforms, challenging cost assumptions and providing technical financial assurance to senior management responsible for major projects. Given other immediate priorities, limited thought has been given to how the Office of Programme Planning, Budget and Accounts could provide more strategic support for operations and programmatic delivery.

176. The current organizational and budgetary structure of the United Nations means that it is not possible for a single entity to be in charge of all training needs. However, the Office has developed a new learning and career support strategy, which was endorsed by the Management Committee on 6 June 2014. The strategy aims to improve coordination of learning and career support initiatives across the Secretariat.

177. **The Board recommends that the Administration develop a skills strategy for staff based on an improved understanding of current capability and existing skills gaps such as commercial skills for major projects, and on the skills required following the implementation of IPSAS and the roll-out of Umoja, such as professional training in financial management skills to lead financial management improvement and provide more strategic advisory services to the wider business.**

Staff mobility

178. To deliver its current mandates and meet evolving operational needs effectively, the United Nations requires a workforce that is dynamic, adaptable and mobile. General Assembly approval for the Administration's proposals on mobility was an important development in achieving this goal. The Administration is now seeking to implement a more structured approach to staff mobility to help it ensure that the right people are in the right position at the right time.

179. The Administration plans to implement a career development and mobility framework in a phased manner from 2016 onwards. One of the central aims of the framework is to provide United Nations staff with broader career development opportunities and to enable them to acquire new skills, knowledge and experience both within and across departments, functions and duty stations.

180. The Board recognizes the progress made by the Administration in developing the Career Development and Mobility Framework and sees its planned introduction as a positive step towards enabling the United Nations to deploy its staff effectively.

Performance management

181. Assessing staff performance is key to understanding the capability of the workforce to deliver an organization's strategic objectives and enforcing accountability among all staff for delivering those objectives. It should be the basis upon which to reward staff for excellent performance, trigger training and development or impose sanctions for underperformance, thereby establishing a clear link between performance and career progression.

182. The Administration has progressively increased the percentage of staff whose performance has been evaluated, but there is still work to do to ensure all staff have a performance evaluation (see table II.9).

Table II.9

Percentage of United Nations staff with a completed performance evaluation

Performance evaluation period	*Percentage of staff with a completed performance evaluation*
2010/11	72
2011/12	80
2012/13	87 (as at January 2014)

Source: Board analysis of statistics of the Office of Human Resources Management.

183. For those staff who were appraised in the last five years, only 135 received a rating of 4 (failure to meet performance expectations during the period), which appears low for an organization that employs some 44,000 staff. There is limited information recorded centrally on any action taken to address poor performance, and conversely there is no consistently applied reward scheme for excellent performance.

184. **The Board recommends that the Administration review and improve the appraisal system to enable more effective monitoring of performance trends and implementation of remedial action or rewards following completion of staff performance evaluations.**

J. Interim follow-up on the handling of information and communications technology affairs in the Secretariat

185. Effective information and communications technology is essential in supporting a wide range of critical administrative and operational United Nations activities, both at Headquarters and in the field. Information and communications technology supports more than 43,000 United Nations staff around the world, including more than 23,000 staff in the field, and some 100,000 peacekeepers. Information and communications technology supports the management of critical United Nations activities, including those relating to finance, human resources management and logistics and field support.

186. To achieve an integrated Secretariat and enable the United Nations to be more efficient and effective, the General Assembly sought to reform information and communications technology across the Secretariat, taking three main actions in support of this aim:

- 2006: the post of Chief Information Technology Officer was created with responsibility for providing a strategic vision and leadership in the management of information and communications technology
- 2008: the Chief Information Technology Officer published a three-to-five-year strategy for maximizing the value of information and communications technology across the Secretariat
- 2009: the Office of Information and Communications Technology was established to provide enterprise-wide oversight of information and communications technology programmes, budgets and decision-making and ensure alignment with the Secretariat's overall information and communications technology strategy

Previous work undertaken by the Board

187. In December 2012, the Board reported on the handling of information and communications technology affairs in the Secretariat (A/67/651). The report concluded that the United Nations approach to enforcing a more centralized implementation and delivery strategy for information and communications technology had been unsuccessful owing to its failure to establish a common vision and commitment across the Organization. The United Nations operates more like a network of organizations, rather than a single, global and homogenous entity. This means that transformation cannot be achieved solely through the work of a central information and communications technology function that lacks the authority to enforce change.

Progress in implementing the Board's recommendations

188. The Administration accepted all of the 16 previous recommendations, and all are currently under implementation (see annex IV to the present chapter). The recommendations will take time to fully implement and it is too early to assess the impact of the actions taken by the Administration to date. The Board will undertake a full review of progress at a point when a revised information and communications technology strategy has been approved and had time to be embedded (potentially towards the end of 2015), but reports at this interim stage on progress made by the

Administration in three areas: development of the new strategy; capturing and monitoring of expenditure on information and communications technology; and information and communications technology security.

Development of the new information and communications technology strategy

189. Effective information and communications technology governance is essential to the successful implementation of an information and communications technology strategy across the United Nations. The Board reported previously that the governance and accountability structures established to support implementation of the previous strategy did not operate effectively, with senior management not adequately assessing and understanding requirements before developing the strategy. The Board recommended that the Administration develop a new strategy consistent with United Nations objectives and realistic ambitions for transformation.

190. The Administration appointed a new Chief Information and Technology Officer in June 2013 and is developing a new strategy which it expects to present to the General Assembly during the sixty-ninth session. The Administration has also taken the following steps to support implementation of the strategy:

- The Chief Information Technology Officer has established an Information and Communications Technology Board and appointed a manager to establish a governance framework to strengthen oversight and alignment and enforce technical compliance
- An interim governance structure has been put in place comprised of an executive committee, a project review committee and the Information and Communications Technology Board. This structure is supported by a project management office and a policy committee

191. The Board acknowledges the action taken by the Administration to date but reiterates that the new information and communications technology strategy must be based on an in-depth understanding of the current and future service delivery model of the United Nations and a clear understanding of business objectives and priorities and the decentralized nature of the Organization. There should also be a strong priority within any new strategy on enabling the delivery of the new enterprise resource planning system (Umoja).

192. The Board is concerned that there is neither a budget nor an agreed plan for mainstreaming the enterprise resource planning project and for ongoing support and maintenance. There is no evidence that arrangements for governance, oversight and funding are in place, with discussions at an early stage. The first meeting of the Information and Communications Technology Board with responsibility for governance, which includes representatives from all departments, was held in April 2014 and a budget is expected to be presented in September 2014.

193. The Office of Information and Communications Technology, the enterprise resource planning project team and the Administration need a single understanding and an integrated plan for all changes involved in the roll-out of the enterprise resource planning system, including clear milestones signposting the transition from implementation to ongoing support and clarity on how the departments will own systems and processes and deliver benefits. The plan should also take into account the potential impact of any uncertainty over the implementation timeline for the enterprise resource planning project.

Capturing and monitoring of expenditure on information and communications technology

194. The overall budget for information technology resources across United Nations departments has increased over the bienniums from 2010-2011 to 2014-2015 (see table II.10). However, the Board found that there was no Secretariat-wide overview of information and communications technology spending because management information did not routinely capture relevant expenditure.

Table II.10

Information technology budgets for the bienniums from 2010-2011 to 2014-2015

(Thousands of United States dollars)

Biennium	*Regular budget*	*Extrabudgetary*	*Other assessed*	*Total budget*
2010-2011	148 960.0	4 348.9	19 543.5	172 852.4
2012-2013	210 565.0	24 871.7	16 763.4	252 200.1
2014-2015	240 692.6	28 385.3	17 023.9	286 101.8

Source: A/68/6 (Introduction).

195. The Board recommended that the Administration clearly specify how the chart of accounts in Umoja will enable information and communications technology expenditure to be captured and monitored effectively, and to consider if any improvements could be made prior to the implementation of Umoja.

196. The Administration has restructured the chart of accounts in Umoja to enable information and communications technology cost allocation and monitoring of expenditure. Owing to the nature of this type of development, the effectiveness of this change cannot be evaluated until a body of data is established on the live system. However, the allocation and consolidation of information and communications technology costs must be agreed across departments. The Administration has stated that there is currently little scope and no budget to improve management information on information and communications technology expenditure prior to the enterprise resource planning implementation.

Information and communications technology security

197. The Board's report noted that the United Nations did not have an adequately secure information environment. Senior management within the United Nations had not established accountability and responsibility for improving information security across the Secretariat, and security controls fell short of what would be expected in a modern, global organization.

198. The Office of Information and Communications Technology has since developed a plan comprising 10 initiatives across three themes:

- Prevention: includes workstation configuration to limit administrative privileges, e-mail filtering for malicious code, mandatory security awareness training for all staff and network segmentation to defend against cross-network attacks

- Detection and response: includes deployment of an intrusion detection system and subscription to a cyberintelligence feed

- Governance, risk and compliance: includes development of policies, classification of information assets, mandating the implementation of minimum requirements for public websites and a requirement for mandatory reporting of information security incidents

199. Good progress has been made on all of these initiatives and the Administration reports that information security will be addressed comprehensively in the new information and communications technology strategy. The Board notes that the interconnectivity and interdependence of the Secretariat information and communications technology systems are such that an attack anywhere could compromise systems everywhere. Further work is therefore required to implement the security measures applied at United Nations Headquarters in other duty stations.

K. Disclosures by management

1. Write-off of cash, receivables and property

200. The Administration reported property losses of $20.4 million (2010-2011: $7.9 million) and losses of $4.8 million (2010-2011: $0.7 million) in respect of receivables were written off during the biennium 2012-2013. Total write-off and losses amounted to $25.2 million in the biennium (2010-2011: $8.6 million).

201. The movement is almost entirely accounted for by write-off of property and receivables in respect of United Nations Headquarters in New York and Geneva. For New York, the Administration has stated that much of the property write-off was attributable to damage sustained as a result of storm Sandy. The remaining movement for both locations related to the data cleansing of non-expendable property in preparation for the implementation of IPSAS. Table II.11 provides a breakdown of write-offs by location.

Table II.11

Analysis of write-offs

(United States dollars)

Entity	*Property*	*Receivables*	*Total 2012-2013*	*Total 2010-2011*
Headquarters	13 590 853	2 602 706	16 193 558	533 385
United Nations Office at Geneva	18 677	1 103 165	1 121 842	70 025
United Nations Office at Vienna	63 710	62 959	126 670	35 834
United Nations Office at Nairobi	38 281	184 197	222 478	40 578
ECA	13 795	704 389	718 184	101 095
ESCAP	15 231	27	15 258	20 504
ESCWA	1 639	29 449	31 088	3 384
ECLAC	–	–	–	129 180
BINUB	46 478	–	46 478	6 143
BNUB	49 788	47 727	97 515	–
BINUCA	181 752	–	181 752	–
UNAMA	1 530 217	15 321	1 545 538	4 083 785
UNAMI	2 428 532	5 193	2 433 724	1 585 136

Entity	*Property*	*Receivables*	*Total 2012-2013*	*Total 2010-2011*
UNIOSIL	–	–	–	4 397
UNMIN	–	–	–	358 544
UNIPSIL	156 881	4 748	161 630	–
UNMOGIP	272 020	–	272 020	198 846
UNOCA	6 680	–	6 680	–
UNOWA	207 200	11 100	218 300	–
UNPOS	341 422	–	341 422	–
UNSCO	10 359	–	10 359	14 544
UNSMIL	42 833	–	42 833	–
UNTSO	193 828	–	193 828	125 143
UNISDR	7 521	–	7 521	–
Department of Safety and Security field offices	384 171	–	384 171	867 966
Department of Economic and Social Affairs field offices	78 352	–	78 352	–
Department of Political Affairs field offices	120 578	–	120 578	–
GRID-Arendal	20 712	–	20 712	–
Office for the Coordination of Humanitarian Affairs field offices	529 730	–	529 730	389 542
Office for Disarmament Affairs	254	–	254	942
Office of the United Nations High Commissioner for Human Rights field offices	12 838	–	12 838	795
United Nations information centres	83 639	–	83 639	273
Total	**20 447 971**	**4 770 981**	**25 218 952**	**8 570 041**

Source: Administration reports to the Board.

2. Ex gratia payments

202. The Administration reported no ex gratia payments in 2012-2013.

3. Cases of fraud and presumptive fraud

203. The Administration reported 18 cases of fraud and presumptive fraud for the biennium 2012-2013 (2010-2011: 9 cases), with a combined value of $11.9 million (2010-2011: $66,385). The increase in the number and value of the fraud cases is largely a result of frauds perpetrated against extrabudgetary funds (the Common Humanitarian Fund for Somalia) by non-governmental organizations managed by the Office for the Coordination of Humanitarian Affairs. The Board reports on the substance of these frauds and the Administration's response in section G of the present chapter.

204. While the Board did not identify any unreported cases of fraud, it is unable to assure the completeness of the level of reported fraud and considers the number of cases reported low in comparison to the scale and exposure of the Organization (see section H of the present chapter).

L. Acknowledgement

205. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Under-Secretary-General for Management and the management and staff of the United Nations at all of the locations visited and audited.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania

30 June 2014

Annex I

Status of implementation of the Board's recommendations for the biennium ended 31 December 2011

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Board recommends that, without waiting for the implementation of the new enterprise resource planning system (Umoja), the Administration enhance the internal documentation on the financial statements preparation	A/67/5 (Vol. I), chap. II, para. 16	2010-2011					X
The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs strengthen its project management procedures to ensure regular review, verification and reporting of project expenditures to enable it to obtain timely and sufficient assurance and control over expenditure, confirmation that funds have been used for the intended purposes, and hence assurance over the accuracy of its recording in the financial statements.	A/67/5 (Vol. I), chap. II, para. 31	2010-2011			X		
The Administration agreed with the Board's recommendation that it, in collaboration with the Office for the Coordination of Humanitarian Affairs, identify and implement the lessons from how other United Nations system agencies operate control and accounting regimes over third-party expenditures.	A/67/5 (Vol. I), chap. II, para. 32	2010-2011		X			
The Administration agreed with the Board's recommendation that it, in collaboration with the Office for the Coordination of Humanitarian Affairs, rigorously review its accounting treatment for recording expenditures via executing agencies and make any necessary changes of accounting policy no later than 2014.	A/67/5 (Vol. I), chap. II, para. 34	2010-2011			X		
The Administration agreed with the Board's recommendation that OHCHR and the Office for the Coordination of Humanitarian Affairs establish proper end of year reconciliation procedures to ensure the accurate recording of expenditures where cost plans are used to establish obligations in field local offices.	A/67/5 (Vol. I), chap. II, para. 41	2010-2011		X			

Summary of recommendation	Reference	Financial period first made	Closed by the Board of Auditors	Fully implemented	Under implementation	Not implemented	Overtaken by events
The Administration agreed with the Board's recommendation that in readiness for IPSAS implementation, the United Nations review and improve its asset records in support of land and buildings with a view to assigning a valuation to individual buildings prior to 1 January 2014.	A/67/5 (Vol. I), chap. II, para. 45	2010-2011		X			
The Administration agreed with the Board's recommendation that the United Nations Office at Geneva (a) undertake an adequate physical inventory check within each financial period, including the inventory of its clients; and (b) establish standard operating procedures for initial recording of all newly acquired assets.	A/67/5 (Vol. I), chap. II, para. 49	2010-2011		X			
The Administration agreed with the Board's recommendation that more generally, the Administration, as part of its preparations for the implementation of IPSAS, consider how it can strengthen internal controls within the existing inventory management system, with clearly defined processes and responsibilities for asset owners.	A/67/5 (Vol. I), chap. II, para. 51	2010-2011		X			
The Board recommends that the Administration consider how it can strengthen central oversight over payroll transactions, giving due consideration to the costs and benefits. That could be achieved by establishing processes to centrally record all elements of pay and benefits paid to staff, cross-referencing to documentation held in local offices, to maintain a clear audit trail and support payroll payments.	A/67/5 (Vol. I), chap. II, para. 55	2010-2011		X			
The Board recommends that UNAMI perform monthly reconciliations between the physical inventory held in each warehouse and the field asset management system (Galileo).	A/67/5 (Vol. I), chap. II, para. 59	2010-2011		X			
The Administration agreed with the Board's recommendation that UNAMI work with the Treasury to expedite the closure of the bank accounts which are no longer required.	A/67/5 (Vol. I), chap. II, para. 61	2010-2011		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that UNAMI and UNAMA establish effective risk management arrangements involving: (a) clear identification of risks and assessment for probability and impact; and (b) assigning clear accountability and responsibility for the management of risks including developing and implementing appropriate mitigation strategies.	A/67/5 (Vol. I), chap. II, para. 64	2010-2011		X			
The Board recommends that OHCHR: (a) in collaboration with the Office of Programme Planning, Budget and Accounts, seek ways to reduce the reliance of mandate holders on extrabudgetary funding and other forms of earmarked or unearmarked support; (b) seek ways in which to demonstrate more robustly that mandated activities regarding special procedures are undertaken independently, are of equal importance, and not unduly influenced by the source of funds; and (c) in the interest of transparency, propose to the Human Rights Council that mandate holders be required to disclose all sources of funding and any conditions attached to them.	A/67/5 (Vol. I), chap. II, para. 70	2010-2011		X			
The Board recommends that the Administration: (a) provide senior management, on at least an annual basis, with clear analysis and explanations of the reasons for the level of cash and investments held; and (b) develop an investment strategy that sets out the United Nations cash requirements and the resulting optimum level of investments that should be held to underpin the delivery of United Nations activities.	A/67/5 (Vol. I), chap. II, para. 78	2010-2011		X			
The Board recommends that the Administration review the disclosures in future financial statements with a view to providing more detailed commentary on the reasons for the increased holdings of investments and cash pools.	A/67/5 (Vol. I), chap. II, para. 80	2010-2011			X		
The Administration agreed with the Board's reiterated recommendation that it strengthen the internal controls over inactive trust funds and expedite the closing of these funds.	A/67/5 (Vol. I), chap. II, para. 87	2010-2011		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs undertake a review of its system for recording and accounting for pledges to ensure that sufficient controls are in place to account for pledges in a timely manner in order to ensure the completeness and accuracy of the associated disclosures in the financial statements.	A/67/5 (Vol. I), chap. II, para. 89	2010-2011		X			
The Administration agreed with the Board's recommendation that it require all staff to have undertaken contract management training prior to taking up contract management responsibility. Such training should cover key aspects of contract management such as contract administration, vendor relationship management, risk management, and performance evaluation and management.	A/67/5 (Vol. I), chap. II, para. 95	2010-2011			X		
The Administration agreed with the Board's recommendation that the Administration include specific, measurable and relevant Key Performance Indicators, linked to payment, in every contract to cover all key aspects of the goods or services to be delivered.	A/67/5 (Vol. I), chap. II, para. 98	2010-2011			X		
The Administration agreed with the Board's recommendation that Procurement Division maintain a central record of all completed vendor performance evaluations and follow up overdue evaluations to enable proper maintenance of the approved vendor register and facilitate improved selection of vendors invited to bid.	A/67/5 (Vol. I), chap. II, para. 103	2010-2011		X			
The Board recommends that the Administration immediately assign and communicate clear responsibility to contract managers for: (a) identification of contract risks; (b) assessment of the impact (including probable costs) and likelihood of a risk materializing; (c) identification and implementation of actions to manage or mitigate the risk; and (d) continued monitoring of risks as they evolve throughout the life of the contract.	A/67/5 (Vol. I), chap. II, para. 107	2010-2011	X				

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Board also recommends that the Administration establish oversight of the risk profile of either the whole population of contracts or groups of contracts so that it can assure itself that: (a) contract management resources are appropriately focused on the highest risk contracts; and (b) high-risk contracts are managed at the appropriate level.	A/67/5 (Vol. I), chap. II, para. 108	2010-2011	X				
The Board further recommends that the Administration, either through a central function or within individual requisitioning departments, establish a clear escalation process to senior management for significant contract risks whereby senior management are kept aware as significant risks become more probable and can act quickly in order to mitigate the risk or minimize its impact.	A/67/5 (Vol. I), chap. II, para. 109	2010-2011	X				
The Administration agreed with the Board's recommendation that it strengthen its oversight of competitive procurement by: (a) more robustly challenging the need for contract renewals, use of waivers and ex-post facto approval; (b) utilize its contracts database to flag up when contracts are approaching key trigger points, such as termination, and actively remind requisitioning departments that timely action is needed; and (c) identify which departments are routinely using waivers and ex-post facto approvals and engage with them to improve their procurement planning.	A/67/5 (Vol. I), chap. II, para. 116	2010-2011		X			
The United Nations Office at Vienna agreed with the Board's recommendation that all procurement delegations be brought up to date and clearly communicated to all relevant staff.	A/67/5 (Vol. I), chap. II, para. 121	2010-2011		X			
The Board recommends that the Department of Management urgently clarify the authority of the United Nations Office at Nairobi for undertaking procurement on behalf of UNEP and UN-Habitat.	A/67/5 (Vol. I), chap. II, para. 128	2010-2011			X		
The Administration agreed with the Board's recommendation that the Department of Management review the delegations granted to the United Nations Office at Vienna and UNOG, to ensure delegated procurement authority is sufficiently clear.	A/67/5 (Vol. I), chap. II, para. 130	2010-2011			X		

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The United Nations Office at Nairobi and the United Nations Office at Vienna agreed with the Board's recommendation that they enhance their procurement performance data by defining their information needs and implementing enhancements to systems; as a minimum, these should allow the procurement sections to group and analyse their caseloads by number, nature, value and complexity of requests, and by originating section, including field offices.	A/67/5 (Vol. I), chap. II, para. 134	2010-2011		X			
The Administration agreed with the Board's recommendation that it: (a) develop more outcome focused objectives and indicators of achievement; (b) establish clear chains from indicators of resource use and activity, through indicators of output to achievement of high level objectives; and (c) make parts (a) and (b) above a clearly articulated responsibility of Under-Secretaries-General for their respective departments.	A/67/5 (Vol. I), chap. II, para. 145	2010-2011			X		
The Board recommends that the Administration present the General Assembly with proposals to simplify the programme planning process, and realign the timing of the agreement of the Strategic Frameworks so that they reflect the Organization's current priorities.	A/67/5 (Vol. I), chap. II, para. 148	2010-2011	X				
The Board recommends that the Administration include an executive summary in its programme performance report, or produce one as a separate document, in order to give a concise summary of the key issues which the data evidences.	A/67/5 (Vol. I), chap. II, para. 153	2010-2011	X				
The Administration agreed with the Board's recommendation that it consider how it can better integrate financial and performance reporting, at all levels in the Organization, and build this into its thinking about the design and implementation of the new enterprise resource planning system (Umoja), and as part of realizing the benefits from both Umoja and the improved information that will be provided through IPSAS adoption.	A/67/5 (Vol. I), chap. II, para. 155	2010-2011	X				

Summary of recommendation	Reference	Financial period first made	Closed by the Board of Auditors	Fully implemented	Under implementation	Not implemented	Overtaken by events
The Administration agreed with the Board's recommendation that it assign specific responsibility for the successful implementation of results-based management methodology throughout the Secretariat to a relevant member of the senior management team.	A/67/5 (Vol. I), chap. II, para. 157	2010-2011		X			
The Administration agreed with the Board's recommendation that, to provide assurance that the system of internal control is understood and operating as expected, it: (a) document the internal control framework; and (b) consider developing a management assurance system which requires managers at all levels to periodically provide senior management assurance on the effectiveness of internal controls in their sphere of control to test both understanding and compliance at all levels.	A/67/5 (Vol. I), chap. II, para. 171	2010-2011			X		
The Administration agreed with the Board's recommendation that in support of existing work on developing risk management in the United Nations, the Management Committee: (a) periodically identify the top risks facing the Organization and communicate this to all managers; and (b) develop high level and regular (monthly) reporting on the current status of the risks and associated mitigating strategies.	A/67/5 (Vol. I), chap. II, para. 176	2010-2011			X		
The Administration agreed with the Board's recommendation that United Nations senior management set out an action plan addressing the key lessons identified by the Board on business transformation, to demonstrate and track how they are developing and implementing a more strategic and holistic grip on the direction and delivery of the business transformation programmes.	A/67/5 (Vol. I), chap. II, para. 183	2010-2011			X		
The Board recommends that any proposal for the level and deployment of resources of the OIOS Investigations Division is underpinned by a cost benefit analysis and options appraisal which takes into account the total cost of delivering investigations to the United Nations as a whole, not just the cost to OIOS.	A/67/5 (Vol. I), chap. II, para. 195	2010-2011	X				

Summary of recommendation	Reference	Financial period first made	Closed by the Board of Auditors	Fully implemented	Under implementation	Not implemented	Overtaken by events
The Board recommends that for any future proposal for the level and deployment of OIOS investigative resources which assumes that investigation work will be conducted by bodies other than OIOS takes into account the capacity of those bodies to deliver investigations and the cost of them doing so.	A/67/5 (Vol. I), chap. II, para. 199	2010-2011	X				
The Administration agreed with the Board's recommendation that OIOS formally consult with stakeholders, including mission staff and investigators, to capture and analyse their views on the most cost effective deployment of OIOS investigative resources.	A/67/5 (Vol. I), chap. II, para. 204	2010-2011		X			
The Administration agreed with the Board's recommendation that OIOS assess the potential for fraud and other violations across the United Nations and take this into account when evaluating the optimal level and deployment of investigative resources required to fulfil its mandated responsibilities.	A/67/5 (Vol. I), chap. II, para. 210	2010-2011		X			
The Administration agreed with the Board's recommendation that it: (a) Plan for the automated preparation of the financial statements under Umoja; (b) Without waiting for the implementation of Umoja, enhance internal documentation on the preparation of the financial statements and, more generally, on all financial procedures, notably by updating the Financial Manual.	A/67/5 (Vol. I), chap. II, para. 25	2008-2009			X		
The Administration agreed with the Board's recommendation that it complete the staffing of the IPSAS project team and finalize the detailed timetable and project plan for implementation of IPSAS.	A/67/5 (Vol. I), chap. II, para. 33	2008-2009		X			
The Board recommends that the Administration ensure that all the offices away from Headquarters and the regional commissions strengthen their preparation for the implementation of IPSAS, in liaison with Headquarters, and in particular assess the financial and human resources required to prepare and implement this reform.	A/67/5 (Vol. I), chap. II, para. 37	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it revisit its accounting treatment of education grants.	A/67/5 (Vol. I), chap. II, para. 51	2008-2009					X
The Board recommends that the Administration expedite the publication of the monthly report on the status of contributions.	A/67/5 (Vol. I), chap. II, para. 60	2008-2009					X
The Administration agreed with the Board's recommendation that it define a strategy to streamline and further automate the management of voluntary contributions, along the lines of the redesign of assessed contributions procedures.	A/67/5 (Vol. I), chap. II, para. 62	2008-2009			X		
The Administration agreed with the Board's recommendation that it develop indicators to measure the processing times for contributions.	A/67/5 (Vol. I), chap. II, para. 66	2008-2009			X		
The Administration agreed with the Board's recommendation that, in conjunction with the relevant substantive offices, it define, communicate and manage a standard procedure that would ensure that donors provided the required information in support of their payments.	A/67/5 (Vol. I), chap. II, para. 71	2008-2009		X			
The Board recommends that the Administration consider ways to render the preparation of the financial statements on technical cooperation less cumbersome and more easily auditable.	A/67/5 (Vol. I), chap. II, para. 93	2008-2009					X
The Board recommends that the Administration strengthen internal control over the inactive technical cooperation trust funds and expedite the closing of those funds that need to be closed.	A/67/5 (Vol. I), chap. II, para. 98	2008-2009		X			
The Board recommends that the Secretariat formalize the distribution of tasks between the Office of Legal Affairs, the Controller's Office and the Department of Economic and Social Affairs for the management of UNAKRT.	A/67/5 (Vol. I), chap. II, para. 107	2008-2009		X			
The Board recommends that the Administration ensure that UNAKRT, for the preparation of its future budgets, review its estimation methodology with a view to better taking into account the actual implementation of previous budgets.	A/67/5 (Vol. I), chap. II, para. 116	2008-2009					X

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it ensure that UNAKRT sets up a dashboard for all parties that contains the main indicators (vacancy rate for posts, turnaround time and productivity for the Translation Unit, and turnaround time and productivity for processing requests for complainants).	A/67/5 (Vol. I), chap. II, para. 121	2008-2009		X			
UNCTAD agreed with the Board's recommendation that it continue its efforts to rationalize the technical cooperation trust funds by preparing each year for the Trade and Development Board: (a) a list of new trust funds with a brief justification for their establishment; and (b) a list of inactive funds with an explanation of the reasons for their continuation.	A/67/5 (Vol. I), chap. II, para. 131	2008-2009		X			
The Board recommends that UNCTAD: (a) prepare a management manual for technical cooperation projects that brings together all applicable procedures, in particular in the area of monitoring; and (b) make sure that progress reports are distributed to donors by the Technical Cooperation Service as stipulated in the funding agreements.	A/67/5 (Vol. I), chap. II, para. 135	2008-2009		X			
The Board recommends that the Administration strengthen the internal controls over the inactive general trust funds and expedite the closing of those funds that need to be closed.	A/67/5 (Vol. I), chap. II, para. 146	2008-2009		X			
The Administration agreed with the Board's recommendation that it: (a) increase the frequency of contractual audits of health claims; and (b) examine ways to strengthen internal controls over claim reimbursements.	A/67/5 (Vol. I), chap. II, para. 156	2008-2009		X			
The Administration agreed with the Board's recommendation that it strengthen internal controls to ensure the accuracy of its payable and receivable balances with counterpart entities at the end of the financial period.	A/67/5 (Vol. I), chap. II, para. 160	2008-2009			X		
The Administration agreed with the Board's recommendation that it reduce the time taken for certifying invoices so as to conform to accrual-based accounting.	A/67/5 (Vol. I), chap. II, para. 164	2008-2009			X		
The Administration agreed with the Board's recommendation that it consider revising its policy for the valuation of leave liability in its implementation of IPSAS.	A/67/5 (Vol. I), chap. II, para. 191	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it review the logical framework of results-based budgeting with a view to making it more precise.	A/67/5 (Vol. I), chap. II, para. 203	2008-2009		X			
The Administration agreed with the Board's recommendation that it clarify the objectives of the results-based budgeting process in order to make them more consistent with the existing system and thereby obtain greater support from actors concerned within the Organization.	A/67/5 (Vol. I), chap. II, para. 208	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management uses the same metrics for the indicators used to set targets and to measure performance.	A/67/5 (Vol. I), chap. II, para. 212	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management compares targets against achievements to measure its performance.	A/67/5 (Vol. I), chap. II, para. 216	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management (a) substantiates the lowering of its targets; and (b) harmonizes the methods used to define targets for the meetings implementation rate in New York, Geneva, Vienna and Nairobi.	A/67/5 (Vol. I), chap. II, para. 220	2008-2009		X			
ESCAP agreed with the Board's recommendation that it ensure that the definition of objectives, expected achievements and indicators of achievement for each subprogramme is the product of a more in-depth dialogue between programme managers and the secretariat, with a view to increasing the utility of the programme of work as a management tool during the implementation phase.	A/67/5 (Vol. I), chap. II, para. 223	2008-2009		X			
ESCAP agreed with the Board's recommendation that it make a clear distinction between outputs which are part of its day-to-day management and those that constitute essential elements in the work of the Organization, ensuring that lists of non-quantified tasks are avoided.	A/67/5 (Vol. I), chap. II, para. 227	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Board recommends that the Administration ensure that the choice of investment solutions and the link between the composition of the portfolio, its liquidity, its profitability objective and its exposure to risks are more precisely formalized and documented in the United Nations Investment Management Guidelines.	A/67/5 (Vol. I), chap. II, para. 237	2008-2009		X			
The Board recommends that the Administration enhance the reporting on: (a) the investment strategy chosen; and (b) the daily implementation of that strategy.	A/67/5 (Vol. I), chap. II, para. 240	2008-2009		X			
The Board recommends that the Administration supplement the performance assessment framework for cash management with specific objectives regarding the composition, liquidity and duration of the portfolio.	A/67/5 (Vol. I), chap. II, para. 242	2008-2009		X			
The Board recommends that the Administration: (a) Define, formalize and implement procedures relating to the monitoring of all the limits set forth in the United Nations Investment Management Guidelines; and (b) Design and maintain a consolidated score card integrating the monitoring of all limits, with a view to reporting the results of that monitoring to the Investment Committee.	A/67/5 (Vol. I), chap. II, para. 245	2008-2009		X			
The Administration agreed with the Board's recommendation that it re-examine and, where necessary, redistribute the missions and activities of the Publications Board.	A/67/5 (Vol. I), chap. II, para. 251	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Department of Economic and Social Affairs takes measures to increase the coordination of publications, in terms of both content and editorial priorities, in particular in order to avoid overlap in publications.	A/67/5 (Vol. I), chap. II, para. 256	2008-2009		X			
The Board recommends that the Administration ensure that the Department of Economic and Social Affairs plan for mandatory documents aimed at the general public is the subject of an evaluation of results, which could then be forwarded to the main body that mandated the publication of the documents.	A/67/5 (Vol. I), chap. II, para. 260	2008-2009					X

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it ensure that the annual report of the Secretary-General on the pattern of conferences provides statistics to measure the total number of meetings with a view to assessing changes in this variable.	A/67/5 (Vol. I), chap. II, para. 265	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management conducts a performance analysis for all meetings with interpretation and for each conference centre.	A/67/5 (Vol. I), chap. II, para. 270	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management urgently implements a plan for the transition phase of the capital master plan, in order to have precise knowledge of the needs and to provide operational tools to deal with them.	A/67/5 (Vol. I), chap. II, para. 274	2008-2009		X			
The Administration agreed with the Board's recommendation to ensure that the Department of Public Information does not create regional coordination platforms until a detailed study has been made of their operational and geographical competencies.	A/67/5 (Vol. I), chap. II, para. 282	2008-2009		X			
The Administration agreed with the Board's recommendation to issue a Secretary-General's bulletin setting out the organization and responsibilities of the Department of Safety and Security, including those of the Division of Headquarters Security and Safety Services.	A/67/5 (Vol. I), chap. II, para. 286	2008-2009		X			
The Board recommends that the Administration reassess the staffing needs of the New York-based head office of the Division of Headquarters Security and Safety Services of the Department of Safety and Security.	A/67/5 (Vol. I), chap. II, para. 294	2008-2009		X			
The Board recommends that the Administration ensure that the Department of Safety and Security significantly strengthens its system of internal control over the implementation of minimum operational security standards at United Nations Secretariat headquarters locations.	A/67/5 (Vol. I), chap. II, para. 305	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it ensure that the Office of Legal Affairs defines and specifies intermediate management objectives and indicators for each stage of the treaty publication process.	A/67/5 (Vol. I), chap. II, para. 311	2008-2009		X			
The Board recommends that the Administration ensure that the Department of Political Affairs, together with the Department of Management and the Department of Field Support, agrees on a precise and operational division of responsibilities for the administrative backstopping of special political missions, especially regarding procurement.	A/67/5 (Vol. I), chap. II, para. 320	2008-2009		X			
The Board recommends that the Administration: (a) Regularize all purchases made by the United Nations Office for West Africa from 1 January 2008 in the absence of delegation; (b) Grant the United Nations Office for West Africa delegation of procurement authority, even if only for low-value procurement; and (c) Should delegation not be forthcoming, or pending its actual implementation, give detailed operating instructions to the Office in order for it to carry out procurement activities in compliance with the United Nations Procurement Manual.	A/67/5 (Vol. I), chap. II, para. 323	2008-2009		X			
The Board recommends that the Administration regularize on an ex post facto basis the procurement actions that UNIPSIL undertook before it obtained delegation of procurement authority.	A/67/5 (Vol. I), chap. II, para. 329	2008-2009		X			
The Board also recommends that the Administration ensure that UNIPSIL strictly adheres to the procurement rules of the United Nations.	A/67/5 (Vol. I), chap. II, para. 330	2008-2009		X			
The Board recommends that the Administration strengthen and expedite the reconciliation process between the physical inventory data and the accounting data relating to non-expendable property to ensure a fair valuation of those items in the notes to the financial statements.	A/67/5 (Vol. I), chap. II, para. 336	2008-2009		X			

Summary of recommendation	Reference	Financial period first made	Closed by the Board of Auditors	Fully implemented	Under implementation	Not implemented	Overtaken by events
The Board recommends that the Administration ensure that the United Nations Office at Geneva appoints one person to manage premises owned by the United Nations that are leased out to third parties.	A/67/5 (Vol. I), chap. II, para. 341	2008-2009		X			
The Board recommends that the Administration: (a) put in place a governance structure for the United Nations Office at Geneva property renovation project that brings together the two United Nations headquarters in New York and Geneva; and (b) ensure that the United Nations Office at Geneva is provided with the staff members required to implement and follow up on programmed works.	A/67/5 (Vol. I), chap. II, para. 348	2008-2009		X			
The Board recommends that the Administration ensure that the United Nations Office at Vienna complies with United Nations financial rule 105.22 for handling property losses.	A/67/5 (Vol. I), chap. II, para. 352	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the United Nations Office for West Africa manages its non-expendable property in accordance with the relevant United Nations rules.	A/67/5 (Vol. I), chap. II, para. 356	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the International Research and Training Institute for the Advancement of Women: (a) improves the quality of its inventory so that it reflects the exact status of non-expendable property; and (b) clarifies the situation of items in its possession that are the property of MINUSTAH so that they can be monitored separately.	A/67/5 (Vol. I), chap. II, para. 360	2008-2009		X			
The Board recommends that the Administration assess the need to update the set of competencies in order to: (a) Adapt competencies to the current requirements of the Organization; (b) Clarify the definition of competencies and levels; and (c) Introduce competencies in relation to technical expertise, apart from behavioural and managerial competencies.	A/67/5 (Vol. I), chap. II, para. 366	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it appraise the functioning of recruitment panels and review the features of the training in competency-based recruitment (obligation to attend, duration and content).	A/67/5 (Vol. I), chap. II, para. 372	2008-2009		X			
The Board recommends that the Administration ensure that all officials likely to appraise staff receive adequate training to this end, and that all other staff be given a general presentation on the appraisal interview.	A/67/5 (Vol. I), chap. II, para. 377	2008-2009		X			
The Board recommends that the Administration assess its total training expenditure, irrespective of the nature of this expenditure and the origin of the corresponding resources.	A/67/5 (Vol. I), chap. II, para. 383	2008-2009		X			
The Board recommends that the Administration draw up a schedule by which the staff members who have not taken the mandatory training programmes be obliged to do so in a close time limit (one year or 18 months), and that the effective implementation be verified.	A/67/5 (Vol. I), chap. II, para. 387	2008-2009			X		
The Board recommends that the Administration ensure that all departments and offices draw up and document a medium- and short-term staff training strategy that would identify needs and objectives, and carry out a qualitative analysis of the results obtained.	A/67/5 (Vol. I), chap. II, para. 390	2008-2009			X		
The Board recommends that, considering the increasing reticence of employers from the private sector to supply data pertinent to the conditions of service of their staff, ICSC review its means of obtaining those data.	A/67/5 (Vol. I), chap. II, para. 402	2008-2009		X			
The Court agreed with the Board's recommendation that it consider the revision of the statutory aspects of the Instructions for the Registry.	A/67/5 (Vol. I), chap. II, para. 409	2008-2009		X			
The Court agreed with the Board's recommendation that it update the Staff Regulations for its Registry.	A/67/5 (Vol. I), chap. II, para. 413	2008-2009		X			
The Board recommends that the Administration ensure ECA exercise strengthened control over its management of consultants and strictly complies with the relevant rules of the Organization on this matter.	A/67/5 (Vol. I), chap. II, para. 420	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Board recommends that UNCTAD take measures to better manage expenditure on consultants by: (a) making sure that all project managers are informed of the good practices developed; and (b) creating a common consultants database.	A/67/5 (Vol. I), chap. II, para. 425	2008-2009		X			
The Administration agreed with the Board's recommendation that it establish a realistic schedule for the implementation of its "Carbon" project.	A/67/5 (Vol. I), chap. II, para. 432	2008-2009		X			
The Administration agreed with the Board's recommendation that it take appropriate measures to ensure that the "Carbon" project is interfaced with Umoja.	A/67/5 (Vol. I), chap. II, para. 437	2008-2009			X		
The Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services gathers statistical measurements in the same manner in all services and that these measurements are handled in annual activity reports in the same format to reflect actual changes and to allow year-over-year comparisons.	A/67/5 (Vol. I), chap. II, para. 445	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services guarantee, while drawing up its new tracking mechanisms, that the data used to measure the activity and performance of the Office are auditable, while preserving confidentiality.	A/67/5 (Vol. I), chap. II, para. 449	2008-2009		X			
The Board recommends that OIOS expedite the completion of its risk assessments of all the entities over which it has authority.	A/67/5 (Vol. I), chap. II, para. 454	2008-2009		X			
The Board recommends that OIOS further increase its completion rate of audit assignments, inter alia, by reducing the rate of vacancy of its posts.	A/67/5 (Vol. I), chap. II, para. 456	2008-2009		X			
The Administration agreed with the Board's recommendation that it ensure that ECLAC examines ways of reducing the time lag of the administrative travel authorization procedures so as to optimize the costs of flight tickets.	A/67/5 (Vol. I), chap. II, para. 476	2008-2009		X			

Summary of recommendation	*Reference*	*Financial period first made*	*Closed by the Board of Auditors*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration agreed with the Board's recommendation that it ensure that the Department of Safety and Security analyses security costs independently of contributing budgets (regular budget, extrabudgetary funds, budgets allocated by each agency to security) so as to have a complete view of resources allocated to security.	A/67/5 (Vol. I), chap. II, para. 481	2008-2009		X			
The Administration agreed with the Board's recommendation that the Department of Safety and Security take measures, both direct and by delegation, aimed at assessing compliance with minimum operating security standards of the field offices in Kenya.	A/67/5 (Vol. I), chap. II, para. 487	2008-2009		X			
Total (biennium 2010-2011)				**20**	**11**	**0**	**1**
Percentage share of total (biennium 2010-2011)				**63**	**34**	**0**	**3**
Total (biennium 2008-2009)				**59**	**8**	**0**	**5**
Percentage share of total (biennium 2008-2009)				**82**	**11**	**0**	**7**
Overall total				**79**	**19**	**0**	**6**
Percentage share of overall total				**76**	**18**	**0**	**6**

Annex II

Management of pooled funds by the Office for the Coordination of Humanitarian Affairs

1. During the biennium 2012-2013, the Office for the Coordination of Humanitarian Affairs administered 14 country-based pooled funds: 13 emergency response funds, dispersing $175 million to 208 implementing partners to deliver 590 projects, and the Common Humanitarian Fund for Somalia, dispersing $126 million to 101 implementing partners.

2. Emergency response funds are established to enable a rapid response to humanitarian emergencies. They are managed by the humanitarian coordinator[a] in each country and administered by the Office for the Coordination of Humanitarian Affairs. Typically, when compared to other humanitarian interventions, emergency response fund projects are approved rapidly and are performed over a short duration (average seven months) at low cost (average $296,000). Some 70 per cent of emergency response fund projects are delivered by non-governmental organizations and 30 per cent by United Nations entities.

3. Common humanitarian funds perform a similar function to emergency response funds, the main difference being that, rather than responding to a sudden crisis, common humanitarian fund projects are commissioned at set points in the year to deliver the humanitarian objectives articulated in the consolidated appeal.[b] In the biennium 2012-2013, there were five common humanitarian funds operating globally,[c] of which only one (Somalia) is managed by the Office for the Coordination of Humanitarian Affairs. The projects of the Common Humanitarian Fund for Somalia have an average duration of 10 months and an average cost of $496,000. Some 73 per cent of funds go to non-governmental organizations and 27 per cent to United Nations entities.

4. Both emergency response funds and common humanitarian funds are subject to the same control and assurance arrangements (see the figure below). The Office for the Coordination of Humanitarian Affairs administers the selection and approval of emergency response fund and common humanitarian fund projects on behalf of the humanitarian coordinator, coordinating the input of a number of stakeholders.

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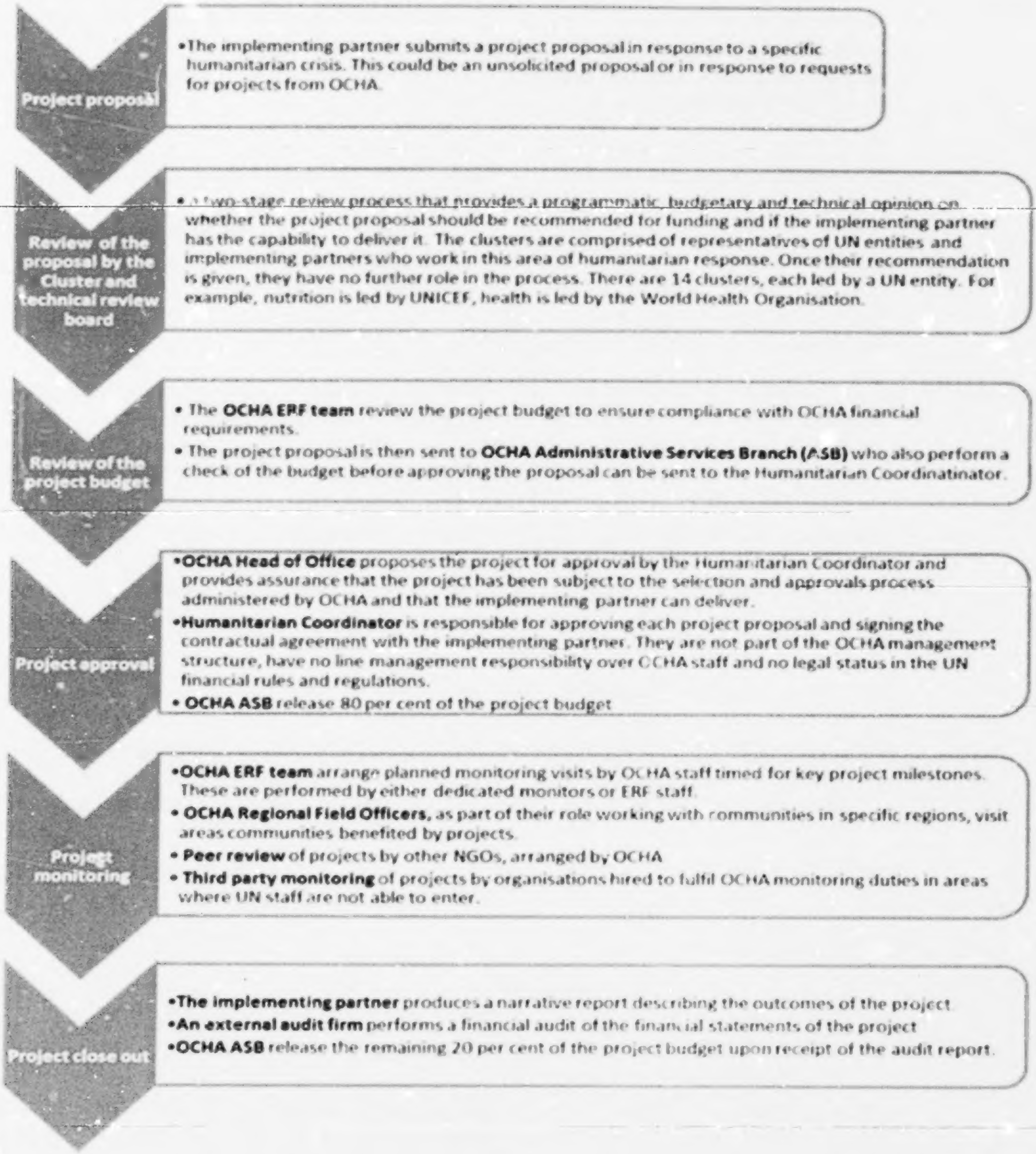
[a] The humanitarian coordinator is responsible for leading and coordinating the efforts of humanitarian organizations (both United Nations and non-United Nations) in a country.

[b] The consolidated appeal process is performed on an annual basis in countries where there are ongoing humanitarian needs. Donors are asked to contribute to a specific country. Typically the humanitarian objectives of the country are set by the advisory board, chaired by the humanitarian coordinator and comprising donors, United Nations bodies and key non-governmental organizations.

[c] Central African Republic, Democratic Republic of Congo, Somalia, South Sudan, and Sudan.

Annex III

Key stakeholders in the selection, monitoring and project closeout



Project proposal

- The implementing partner submits a project proposal in response to a specific humanitarian crisis. This could be an unsolicited proposal or in response to requests for projects from OCHA.

Review of the proposal by the Cluster and technical review board

- A two-stage review process that provides a programmatic, budgetary and technical opinion on whether the project proposal should be recommended for funding and if the implementing partner has the capability to deliver it. The clusters are comprised of representatives of UN entities and implementing partners who work in this area of humanitarian response. Once their recommendation is given, they have no further role in the process. There are 14 clusters, each led by a UN entity. For example, nutrition is led by UNICEF, health is led by the World Health Organisation.

Review of the project budget

- The **OCHA ERF team** review the project budget to ensure compliance with OCHA financial requirements.
- The project proposal is then sent to **OCHA Administrative Services Branch (ASB)** who also perform a check of the budget before approving the proposal can be sent to the Humanitarian Coordinatinator.

Project approval

- **OCHA Head of Office** proposes the project for approval by the Humanitarian Coordinator and provides assurance that the project has been subject to the selection and approvals process administered by OCHA and that the implementing partner can deliver.
- **Humanitarian Coordinator** is responsible for approving each project proposal and signing the contractual agreement with the implementing partner. They are not part of the OCHA management structure, have no line management responsibility over OCHA staff and no legal status in the UN financial rules and regulations.
- **OCHA ASB** release 80 per cent of the project budget

Project monitoring

- **OCHA ERF team** arrange planned monitoring visits by OCHA staff timed for key project milestones. These are performed by either dedicated monitors or ERF staff.
- **OCHA Regional Field Officers,** as part of their role working with communities in specific regions, visit areas communities benefited by projects.
- **Peer review** of projects by other NGOs, arranged by OCHA
- **Third party monitoring** of projects by organisations hired to fulfil OCHA monitoring duties in areas where UN staff are not able to enter.

Project close out

- **The implementing partner** produces a narrative report describing the outcomes of the project.
- **An external audit firm** performs a financial audit of the financial statements of the project
- **OCHA ASB** release the remaining 20 per cent of the project budget upon receipt of the audit report.

Source: Board analysis of OCHA guidelines.

Abbreviations: OCHA, Office for the Coordination of Humanitarian Affairs; ERF, emergency response fund.

Annex IV

Establishing effective whistle-blowing arrangements

An effective approach to whistle-blowing would normally entail the following aspects:

Communication — a whistle-blowing policy needs to be announced widely, clearly messaged and be repeated regularly. This demonstrates support from the highest level of management, and clearly signals that using the programme is an act of loyalty and not disloyalty.

Accessibility — The whistle-blowing programme must be accessible and communicated in various languages. Whistle-blowing hotlines need to consider issues such as time zone differences.

Universality — Make the reporting mechanism available to third parties, for example suppliers, distributors, consultants, contractors, or customers. Corruption requires the participation of two parties, the corruptor (briber) and corruptee (bribee). Making a reporting line available to this group will help the detection of external frauds that may arise such as bribery and kick-back schemes.

Confidentiality and anonymity — Confidentiality and discreet or anonymous reporting must be guaranteed. Staff must be encouraged and confident to raise their concerns with their line management as a preferred first course of action. Unless confidentiality is absolute, within the constraints of law, the program will quickly lose credibility. Any constraints on confidentiality should be clearly communicated.

Screening — The reporting line should provide safeguards against frivolous or malicious reports.

Data collection and analysis — Whistle-blowing reports should be monitored, tracked over time, identify vulnerabilities, and take corrective action. In turn this data analysis should inform management of risk areas emerging from the type of reports made.

Remedial action and feedback — Take action and provide feedback to the reporter as appropriate. If it appears that no action is taken in response to reports of wrongdoing, the reporting mechanism will be thought to be ineffective and the flow of information is likely to stop.

Reassuring potential whistle-blowers — Policies should make it clear that employees will not face sanctions where they honestly believe their information is true (but also that knowingly providing information that is untrue is serious misconduct). Deterring employees from raising concerns, or victimizing them for doing so, also amounts to serious misconduct and may lead to disciplinary action. Protection should exist during employment and after departure from the organization.

Management visibility — Senior management must overtly be seen to be engaged with this process and regular reporting on whistle-blowing cases to the Management Committee within the United Nations would help this.

Annex V

Status of implementation of the Board's recommendations on the handling of information and communications technology affairs

Summary of recommendation	*Paragraph of A/67/651*	*Financial period first made*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration should develop a new information and communications technology strategy, including a United Nations-wide information strategy and an enterprise architecture framework which describes how information and technology will support and provide benefits for the Organization. The Strategy needs to be consistent with the United Nations objectives and realistic ambitions for transformation. The Administration then needs to progress implementation of the information and communications technology strategy in parallel with any agreed reforms to the Organization's operating model, culture and approach.	20	2012		X		
The Administration should review its arrangements for capturing information on information and communications technology expenditure with a view to enabling more effective monitoring of costs and improved decision-making over future expenditure.	29	2012		X		
The Administration should clearly specify how the chart of accounts in the enterprise resource planning (enterprise resource planning) system will enable information and communications technology expenditure to be captured and monitored effectively, and consider whether any options for improving management information on information and communications technology expenditure could be pursued prior to the implementation of the enterprise resource planning system.	30	2012		X		
The Administration, to enable greater consistency and transparency of information and communications technology funding and budgets and allow better management of costs and effective prioritization, should require the Controller to ensure information and communications technology budgets set out (i) the costs of running day-to-day services; (ii) costs of licences and maintenance costs for existing systems; (iii) costs related to upgrading existing service delivery (e.g. to improve security); and (iv) new costs, including strategic requirements.	31	2012		X		
Entities, offices and programmes comprising the United Nations should prioritize information and communications technology funding to ensure that the right balance of attention is given to (a) transformation, improvement and leadership; (b) frameworks and policies; and (c) operational services.	32	2012		X		

Summary of recommendation	*Paragraph of A/67/651*	*Financial period first made*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration, as a necessary precursor to any renewed information and communications technology strategy, and to reduce the substantial risks associated with implementation of a global enterprise resource planning system, should clearly document those elements of the culture, custom, practices and processes, and key cost and performance information which may affect the achievability of a global information and communications technology transformation in the United Nations. Using the results of this review, the Administration should define the Organization's overall objectives, and specify realistic ambitions for global service delivery, consistent processes and a unified organization.	39	2012		X		
The Administration needs to recognize the changes in responsibilities and operating model across the Secretariat that are needed to deliver any new information and communications technology strategy, and accept the responsibility of senior management as a whole to deliver organization-wide changes to support the Chief Information Technology Officer.	41	2012		X		
The Administration should emphasize the strategic priorities of the Chief Information Technology Officer by redefining the functions of the post and amending the title, evaluate whether there is a need to appoint a chief technology officer or designate an existing post with the specific function of assisting the chief information officer in operational matters, and clearly define and communicate the different roles of those two officers across the Secretariat, in particular the scope and remit of the chief information officer with regard to strategy and business transformation.	50	2012		X		
The Administration agreed with the Board's recommendation that it plan any parallel business and information and communications technology activities associated with a new strategy so that they are supportive of the enterprise resource planning system's implementation, and do not conflict with it achieving its objectives.	55	2012		X		
The Administration agreed with the Board's recommendation that it, more generally, in relation to information and communications technology, define the leadership and executive roles, competencies and management effort which should be directed to three distinct aspects of information and communications technology delivery: (a) transformative change, innovation and leadership across the Secretariat; (b) designing and enforcing corporate guidance, frameworks, policies and standards; and (c) operational services.	56	2012		X		
The Administration agreed with the Board's recommendation that it develop a fit for purpose governance framework to oversee strategic information and communications technology development across the United Nations. This governance framework should clearly set out roles, accountabilities and responsibilities, and ensure decision-making bodies are distinct from consultation and advisory forums.	68	2012		X		

Summary of recommendation	*Paragraph of A/67/651*	*Financial period first made*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
The Administration should, over time, redirect existing resources of the Office of Information and Communications Technology to more strategic activities and consider the use of alternative sourcing arrangements for day-to-day information and communications technology support services.	76	2012		X		
The Administration agreed with the Board's recommendation that Management develop an intelligent client function for Secretariat-wide information and communications technology and within United Nations departments to effectively articulate business needs and provide a channel for the Office of Information and Communications Technology, local information and communications technology committees and business areas to improve services.	82	2012		X		
The Administration agreed with the Board's recommendation that it develop an application management strategy to minimize security risks and reduce costs. This should address enterprise-wide applications primarily and include the decommissioning of legacy systems applications and services and any necessary data migration. The Board also recommends that, as part of the new application strategy, the Administration develop a process to ensure strategic information and communications technology investments and operational investments, wherever they are undertaken in the Secretariat, can take place and are consistent with the enterprise resource planning system (Umoja) and other enterprise applications.	92	2012		X		
The Administration agreed with the Board's recommendation that Management strengthen Secretariat-wide information and communications technology standards to consolidate and leverage information and communications technology buying power, and use these to drive harmonization of information and communications technology as a necessary precursor to consolidation of software applications and infrastructure.	100	2012		X		
The Administration agreed with the Board's detailed recommendation on information and communications technology security set out in its memorandum to the chair of the Advisory Committee on Administrative and Budgetary Questions on this matter.	101	2012		X		
Total			**0**	**16**	**0**	**0**
Percentage			**0**	**100**	**0**	**0**

Chapter III
Certification of the financial statements

Letter dated 28 March 2014 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10 of the Financial Regulations and Rules of the United Nations. They include all funds except peacekeeping operations, the United Nations Compensation Commission, the United Nations escrow accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007), the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010), the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda and the International Residual Mechanism for Criminal Tribunals, which are the subject of separate financial statements.

The summary of significant accounting policies applied in the preparation of these statements is included in the notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations, numbered I to XII, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General, Controller

Chapter IV

Financial report for the biennium ended 31 December 2013

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium ended 31 December 2013. The financial results reported relate to activities of the United Nations other than those of peacekeeping operations, the United Nations Iraq escrow accounts, the United Nations Compensation Commission, the International Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and the International Residual Mechanism for Criminal Tribunals, which are reported separately. Separate financial statements are also issued for the International Trade Centre, the United Nations University and the United Nations Institute for Training and Research.

2. The accounts consist of 12 statements supported by schedules and notes and provide financial information relating to the United Nations General Fund and related funds, technical cooperation activities, general trust funds, the Tax Equalization Fund, the capital master plan, capital assets and construction in progress, end-of-service and post-retirement benefits and other funds. Financial statements for each trust fund have not been included in the published accounts; instead, a consolidated financial statement is presented.

3. The present financial report is designed to be read in conjunction with the financial statements. It presents an overview of the consolidated results and an analysis of the financial statements by major category, highlighting trends and significant changes. The annex to the report provides information to be reported to the Board of Auditors as required by the Financial Regulations and Rules of the United Nations.

B. Overview

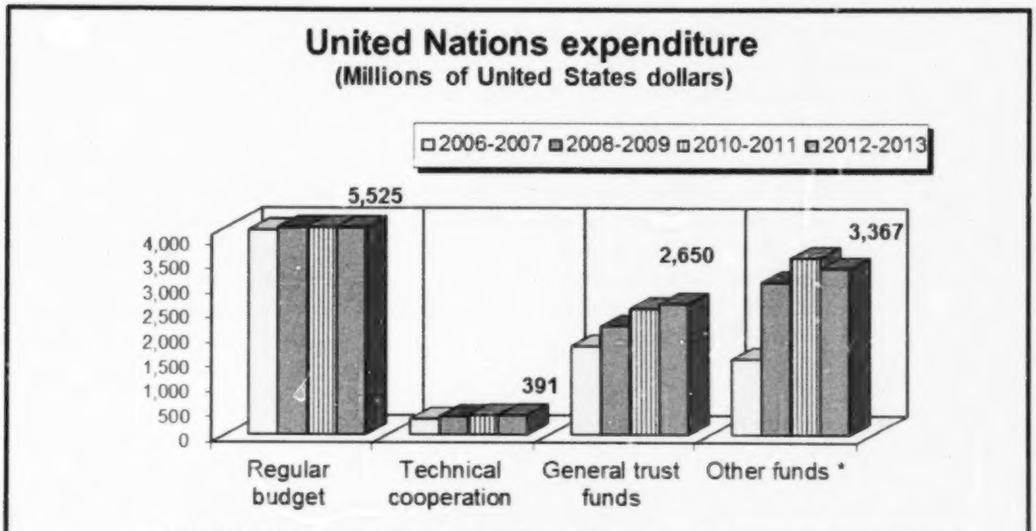
4. Statements I, II and III summarize the combined results of the specified United Nations activities that are presented in more detail in statements IV to XII. Statement I presents income and expenditure by major fund category for the biennium 2012-2013. Statement II shows a summary of assets, liabilities and reserves and fund balances as at 31 December 2013. Statement III summarizes the Organization's net cash flow for the current biennium.

5. Overall income for the biennium 2012-2013 decreased by $342.8 million, or 3 per cent, from $10,450 million to $10,107.2 million, owing mainly to a decrease of $284.4 million in assessed contributions, a decrease of $54.3 million in voluntary contributions and a decrease of $97.6 million in interest income, offset by an increase of $127.8 million in other/miscellaneous income. Lower interest rates combined with lower investable average balances are the main factors for the reduction in interest income.

6. Total expenditure (after eliminations) for the biennium 2012-2013 decreased by $3.4 million, or 0.03 per cent, from $10,634.5 million to $10,631 million. Regular budget expenditure increased by 2 per cent, technical cooperation expenditure increased by 1 per cent, and expenditure for general trust funds

increased by 4 per cent, while expenditure for other funds decreased by 6 per cent. Figure IV.1 provides a graphic comparison of expenditure by category for the past four bienniums.

Figure IV.1



* Includes funds for tax equalization, capital master plan, capital assets and construction in progress, end-of-service and post-retirement benefits and other funds.

7. Table IV.1 shows the expenditure for the four categories of United Nations activity as a percentage of total expenditure for the past four bienniums.

Table IV.1

Expenditures by category and biennium

(Percentage)

	Biennium			
Category of expenditure	*2006-2007*	*2008-2009*	*2010-2011*	*2012-2013*
Regular budget	53.3	45.7	45.3	46.3
Technical cooperation	4.0	3.5	3.2	3.3
General trust funds	23.0	21.1	21.4	22.2
Other funds	19.7	29.7	30.1	28.2
Total	**100.0**	**100.0**	**100.0**	**100.0**

C. United Nations General Fund, Working Capital Fund and United Nations Special Account

8. The United Nations General Fund comprises all regular budget income and expenditure, as well as the assets, liabilities and reserves and fund balances of the Organization other than those specifically identified with other funds. Statement IV shows the status of regular budget appropriations. Statement V shows income and expenditure, assets, liabilities and reserves and fund balances as at 31 December 2013 of the General Fund, the Working Capital Fund and the United Nations Special Account.

9. The final appropriation for the regular budget for the biennium 2012-2013 totalled $5,565 million. The actual expenditure totalled $5,524.8 million, or 0.72 per cent lower than the final appropriation. The 2012-2013 expenditure was marginally higher (2 per cent) compared to total expenditure of $5,414.2 million for the biennium 2010-2011. Tables IV.2 and IV.3 show the percentage distribution of expenditure for the regular budget for the past two bienniums by major activity and by object of expenditure.

Table IV.2
Expenditure by major activity for the regular budget
(Percentage)

	Biennium	
Major activity	*2010-2011*	*2012-2013*
Overall policymaking direction and coordination	14.8	13.9
Political affairs	26.5	26.4
Economic, social and humanitarian affairs	23.5	24.7
International justice and law	1.7	1.8
Public information	3.5	3.4
Common support services	13.2	13.8
Staff assessment	10.3	9.1
Capital and special expenditure	6.5	6.9
Total	**100.0**	**100.0**

Table IV.3

Expenditure by object of expenditure for the regular budget

(Percentage)

Object of expenditure	*Biennium* 2010-2011	*Biennium* 2012-2013
Salaries and other personnel costs	72.8	74.8
Travel	2.3	2.3
Contractual services	2.8	2.6
Operating expenses	10.7	10.5
Acquisitions	5.2	3.2
All other expenses	6.2	6.6
Total	**100.0**	**100.0**

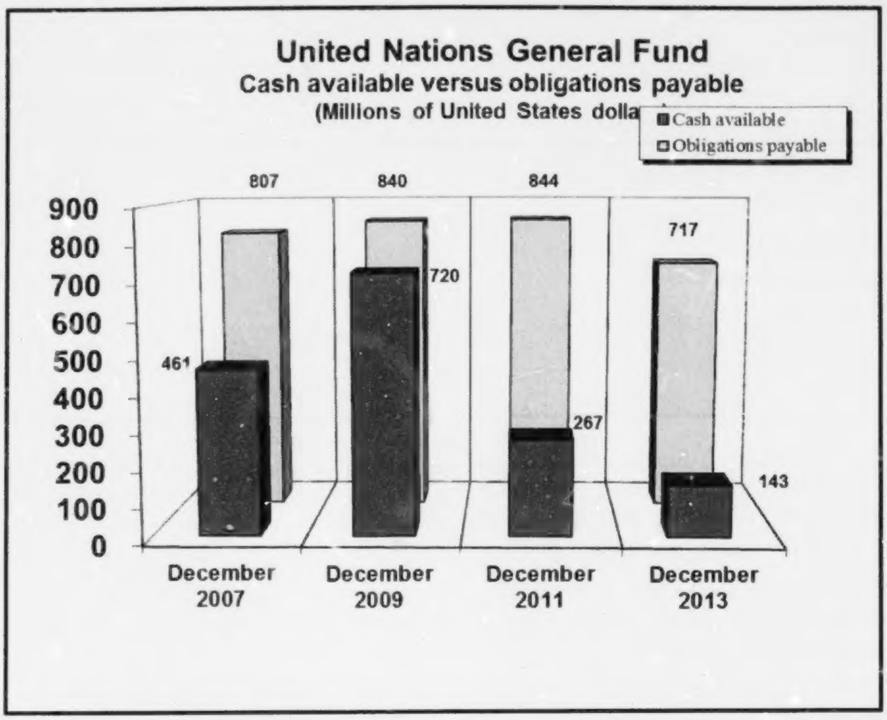
10. Schedule 5.2 contains the details of miscellaneous income, which amounted to $60.6 million for the biennium 2012-2013. This amount was $1.4 million, or 2.4 per cent higher compared with the biennium 2010-2011, mainly as a result of an increase in other/miscellaneous income.

11. As at 31 December 2013, unpaid assessed contributions to the regular budget totalled $461.3 million, representing an increase of $6.9 million, or 1.5 per cent, compared with the balance as at 31 December 2011.

12. The level of unpaid contributions has risen slightly compared with the previous biennium as certain Member States did not pay their assessed contributions in full and on time. Nevertheless, the Organization was able to meet its cash requirements during the biennium 2012-2013 by borrowing on a temporary basis from the Working Capital Fund and the United Nations Special Account.

13. Figure IV.2 illustrates the level of the Organization's obligations, consisting of payments due to various providers of goods and services, and the extent to which those obligations exceeded the amounts of available cash as at the end of the past four bienniums. The high level of unpaid assessments as at 31 December 2013 resulted in a negative impact on the Organization's liquidity.

Figure IV.2



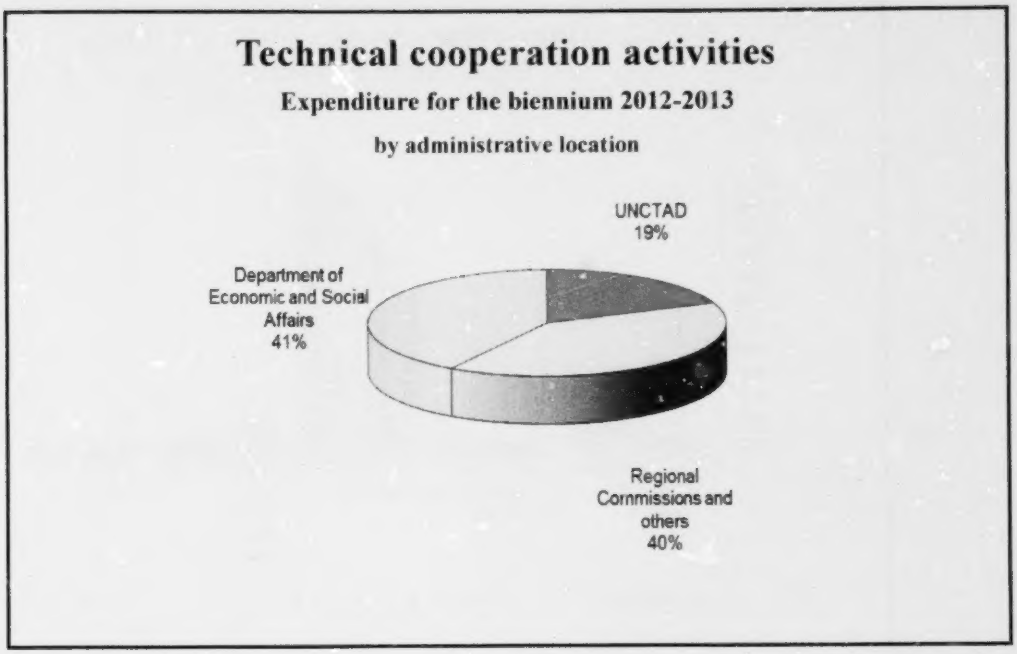
14. As at 31 December 2013, the General Fund's reserves and fund balances amounted to $43.4 million and comprised an authorized retained surplus of $68.3 million offset by a cumulative deficit of $24.9 million. The deficit position resulted mainly from a net shortfall of income over expenditure of $67 million, offset by cancellation of prior-period obligations of $23.1 million, transfers to the General Fund of $67.2 million, in accordance with General Assembly resolution 68/245, and a deficit of $48.2 million brought forward from the preceding bienniums.

15. The level of the Working Capital Fund stood at $150 million as authorized by General Assembly resolution in 60/283.

D. Technical cooperation activities

16. Statement VI reflects the results of United Nations activities in the field of technical cooperation. Total expenditure for technical cooperation activities was $390.6 million, representing an increase of $4 million, or 1 per cent, compared with the biennium 2010-2011. Figure IV.3 shows the composition of technical cooperation expenditure by administrative location.

Figure IV.3



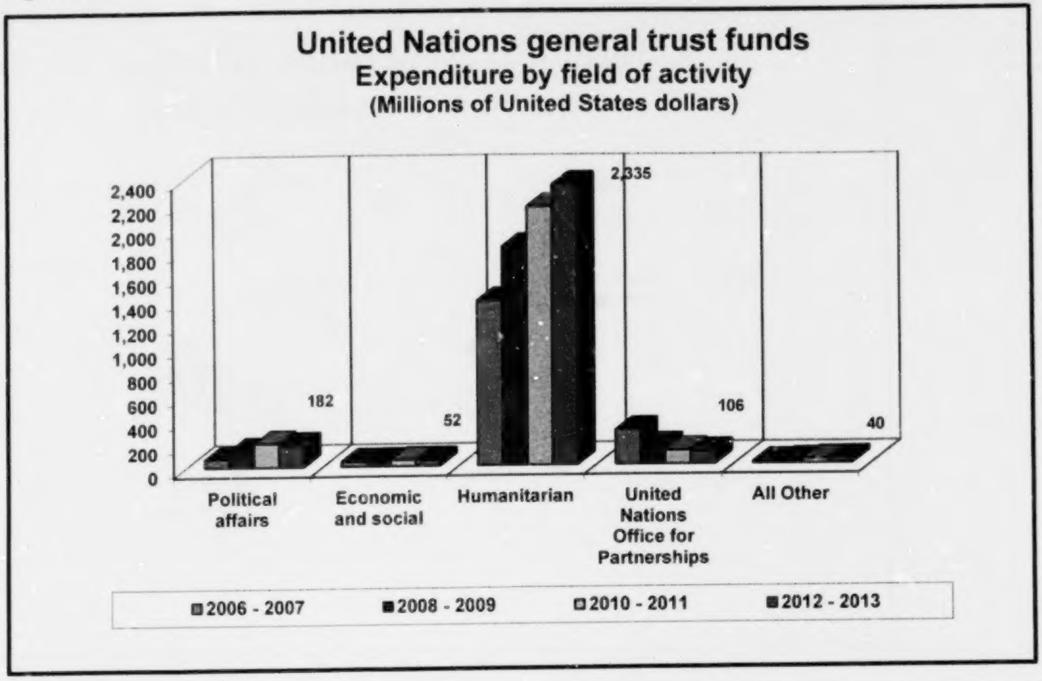
E. General trust fund activities

17. The United Nations trust funds serve to support or supplement the substantive work programme of the Organization or to contribute to humanitarian or relief assistance activities. A consolidated summary of the 170 general trust funds is included in statement VII. During the biennium 2012-2013, 11 general trust funds were established, and 9 were closed.

18. Total income increased by 1.9 per cent, from $2,583 million to $2,632.7 million, for the biennium 2012-2013, primarily as a result of an increase in voluntary contributions.

19. Total expenditure of $2,650 million for all general trust funds was 3.7 per cent higher than the comparable total of $2,554.8 million for the biennium 2010-2011. Eight funds accounted for 87 per cent of total expenditure for all general trust funds, namely, the Central Emergency Response Fund ($997.5 million), the Trust Fund for Disaster Relief ($687.9 million), the Trust Fund for Support to the Activities of the Centre for Human Rights ($201 million), the Trust Fund for the Strengthening of the Emergency Relief Coordinator ($139.5 million), the Voluntary Trust Fund for Assistance in Mine Clearance ($125.5 million), the United Nations Fund for International Partnership ($106.2 million), the Trust Fund for Disaster Reduction ($65.4 million) and the Trust Fund for Human Security ($50.9 million). Summary data on all trust funds is contained in schedule 7.1. Figure IV.4 illustrates trust fund expenditure by field of activity for the past four bienniums.

Figure IV.4



F. Tax Equalization Fund

20. Statement VIII shows income received from staff assessments, expenditures relating to reimbursements to staff members subject to United States income taxes and credits applied against assessments of those Member States who do not levy taxes on the United Nations income of their nationals, as well as assets, liabilities and reserves and fund balances of the Tax Equalization Fund as at 31 December 2013.

21. For the biennium 2012-2013, total income decreased by $148.9 million, or 14.3 per cent, to $889.4 million from $1,038.3 million for the biennium 2010-2011, and total expenditure decreased by $104.2 million, or 10.8 per cent, to $858.8 million from $963 million, compared with the biennium 2010-2011. As at 31 December 2013, an amount of $52 million was payable to the United States of America pending instructions as to its disposition.

G. Capital master plan, capital assets and construction in progress

22. Statement IX shows activities of the capital master plan, its working capital reserve account, associated costs, secondary data centre and the security enhancements. Total expenditure for the biennium 2012-2013 decreased by $321.4 million, or 37.5 per cent, to $536.7 million from $858.1 million for the biennium 2010-2011. Costs related to long-term benefits were capitalized; all other costs, including those for non-expendable property, were expensed.

23. Statement X shows activities of the capital assets and construction in progress for security measures and other discrete construction in progress projects other than the capital master plan. Expenditure of $6.9 million was incurred for the biennium and completed projects valued at $689.5 million, including $686.1 million relating to the capital master plan, were capitalized into the capital assets account.

H. End-of-service and post-retirement benefits

24. Statement XI shows accrued liabilities with respect to after-service health insurance, repatriation benefits and unused vacation days. These liabilities were determined on the basis of an actuarial valuation. The liabilities for the United Nations, excluding those for peacekeeping operations, were estimated at $3,589.9 million as at 31 December 2013, comprising $3,223 million for after-service health insurance, $240.7 million for repatriation benefits and $126.2 million for unused vacation days. This represents an increase of $377.6 million compared to the total of $3,212.3 million as at 31 December 2011, primarily explained by the use by the actuary of lower discount rates of 4.47 per cent for the after-service health insurance and annual leave liability calculation and 4.23 per cent for the repatriation benefit liability calculation as at 31 December 2013, compared to the 4.5 per cent discount rate used for all three categories of liabilities calculation as at 31 December 2011.

I. Other United Nations special funds

25. Statement XII provides information on funds established by the United Nations for various special purposes. A description of each of those funds or group of funds is included in note 12 to the financial statements. Selected schedules are highlighted below.

26. Schedule 12.1 shows activities of the various health and life insurance and other held-in-trust funds. For the biennium 2012-2013, total income increased by $128.4 million, or 15.8 per cent, to $940.1 million from $811.7 million, and total expenditure increased by $107.6 million, or 13.8 per cent, to $888.2 million from $780.6 million, compared with the biennium 2010-2011.

27. Schedule 12.2 shows activities of the special accounts for administrative cost recoveries, with the exception of the support account for peacekeeping operations, which is reported in the financial statements for peacekeeping operations. Overall income totalled $337.5 million for the biennium 2012-2013, representing an increase of $14.8 million, or 4.6 per cent, over the previous biennium's total of $322.7 million. Expenditure totalled $328.2 million, representing an increase of $20.2 million, or 6.6 per cent, from the 2010-2011 figure of $308 million. As a result, ending reserves and fund balances as at 31 December 2013 increased to $286.3 million from $275.1 million as at the end of the previous biennium.

28. Schedule 12.3 shows activities of common support services. Overall income decreased by $53.1 million, or 17.9 per cent, to $244 million from $297.1 million in the previous biennium. Total expenditure increased by $47.3 million, or 19.6 per cent, to $288.3 million from $241 million compared with the biennium 2010-2011, mainly owing to an increase in activities relating to the enterprise resource planning project.

Annex

Supplementary information

1. The present annex provides information that the Secretary-General is required to provide.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, write-offs totalling $4,770,981 were approved for the biennium 2012-2013. A breakdown of the write-offs is shown in the following table:

(United States dollars)

	Biennium	
Fund activity	*2010-2011*	*2012-2013*
United Nations General Fund	111 943	1 211 472
Revenue-producing activities	25 082	217 971
Technical cooperation activities	3 991	116 848
General trust funds	502 727	3 031 698
Other funds	16 131	192 992
Total	**659 874**	**4 770 981**

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $20,447,971 were written off during the biennium 2012-2013. The losses are based on the original cost of the property and include write-offs arising from shortfalls, thefts, damages and accidents.

Ex gratia payments

4. There were no ex gratia payments made during the biennium 2012-2013.

Chapter V

Financial statements for the biennium ended 31 December 2013

United Nations all funds summary[a,b]

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*
Income											
Assessed contributions	5 396 509	–	–	–	–	–	–	10 311	–	5 406 820	5 691 228
Voluntary contributions	–	293 696	2 379 640	–	4 397	–	–	17 356	–	2 695 089	2 749 341
Net revenue-producing activities	(1 252)	–	–	–	–	–	–	–	–	(1 252)	382
Funds received under inter-organization arrangements	–	28 774	125 298	–	–	–	–	230 335	–	384 407	382 425
Allocations from other funds	–	50 317	622	–	363	1 410	–	378 607	(312 120)	119 199	159 411
Income for services rendered	3 820	–	–	–	–	–	–	359 001	(203 674)	159 147	153 570
Interest income	9 341	3 059	16 459	–	7 572	224	–	15 118	–	51 773	149 392
Other/miscellaneous income	52 362	1 132	110 639	889 432	4 186	–	17 928	1 001 996	(785 651)	1 292 024	1 164 237
Total income	**5 460 780**	**376 978**	**2 632 658**	**889 432**	**16 518**	**1 634**	**17 928**	**2 012 724**	**(1 301 445)**	**10 107 207**	**10 449 986**
Expenditure											
Total expenditure	**5 524 859**	**390 607**	**2 649 990**	**858 827**	**536 720**	**6 924**	**3 166**	**1 961 410**	**(1 301 445)**	**10 631 058**	**10 634 480**
Excess (shortfall) of income over expenditure	**(64 079)**	**(13 629)**	**(17 332)**	**30 605**	**(520 202)**	**(5 290)**	**14 762**	**51 314**	–	**(523 851)**	**(184 494)**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits	–	–	–	–	–	–	(377 538)	–	–	(377 538)	(1 038 112)
Prior-period adjustments	655	17	(7 483)	–	(1 736)	(23)	–	(7 039)	–	(15 609)	(8 487)
Net excess (shortfall) of income over expenditure	**(63 424)**	**(13 612)**	**(24 815)**	**30 605**	**(521 938)**	**(5 313)**	**(362 776)**	**44 275**	–	**(916 998)**	**(1 231 093)**

United Nations all funds summary[a,b]

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*
Cancellation of prior-period obligations	23 184	–	–	95	106 307	538	–	3 632	–	133 756	74 342
Transfers (to) from other funds	40 508	(1 549)	(615)	–	–	–	–	2 041	–	40 385	(3 054)
Transfers (to) from other organizations	–	–	(431)	–	–	–	–	–	–	(431)	(25 387)
Transfer to construction in progress	–	–	–	–	321 180	5 486	–	–	–	326 666	664 722
Transfer from construction in progress	–	–	–	–	–	(3 433)	–	–	–	(3 433)	(27 222)
Transfer to capital assets	–	–	–	–	(686 098)	689 532	–	–	–	3 434	27 222
Refund to donors	–	(8 924)	(24 037)	–	–	–	–	(2 666)	–	(35 627)	(22 154)
Other adjustments to reserves and fund balances	–	–	(43)	(24 465)	–	–	–	(648)	–	(25 156)	(58 169)
Reserves and fund balances, beginning of period	430 371	227 656	1 137 965	30 223	1 580 606	784 635	(3 173 734)	1 010 083	–	2 027 805	2 628 598
Reserves and fund balances, end of period	**430 639**	**203 571**	**1 088 024**	**36 458**	**800 057**	**1 471 445**	**(3 536 510)**	**1 056 717**	–	**1 550 401**	**2 027 805**

[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda, and the International Residual Mechanism for Criminal Tribunals, are reported in separate sets of financial statements (see note 2 (j)).

The accompanying notes are an integral part of the financial statements.

United Nations all funds summary[a,b]

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*
Assets											
Cash and term deposits	25 855	1 741	3 210	–	49	44	–	18 421	–	49 320	67 434
Short-term investments[d]	–	–	–	–	–	–	–	52 366	–	52 366	7 801
Long-term investments[d]	–	–	–	–	–	–	–	53 800	–	53 800	85 161
Cash pools[e]	377 512	221 032	1 092 457	–	252 284	12 367	–	704 548	–	2 660 200	3 531 100
Assessed contributions receivable from Member States	461 310	–	–	–	1 602	–	–	8 551	–	471 463	550 785
Voluntary contributions receivable	–	–	374 137	–	–	–	–	–	–	374 137	423 808
Inter-fund balances receivable	377 164	133 928	1 305	112 665	98 180	6 212	55 709	227 708	(921 835)	91 036[f]	261 194
Other accounts receivable	137 681	6 010	326 077	91 956	220	155	–	111 413	–	673 512	592 839
Other assets	185 337	10 926	3 592	48	1 180	–	35	264 792	–	465 910	609 643
Land and buildings	–	–	–	–	–	1 432 592	–	–	–	1 432 592	743 060
Construction in progress	–	–	–	–	858 920	24 702	–	–	–	883 622	1 246 487
Total assets	**1 564 859**	**373 637**	**1 800 778**	**204 669**	**1 212 435**	**1 476 072**	**55 744**	**1 441 599**	**(921 835)**	**7 207 958**	**8 119 312**
Liabilities											
Contributions or payments received in advance	13 750	–	–	–	62	–	–	2 702	–	16 514	10 618
Unliquidated obligations	312 147	27 095	291 426	94 432	284 800	3 510	–	307 201	–	1 320 611	1 855 915
Inter-fund balances payable	696 296	136 741	10 730	–	99 784	809	–	38 064	(921 835)	60 589[f]	224 835
Other accounts payable	107 695	6 188	17 103	73 779	27 732	308	2 382	35 750	–	270 937	340 298
Other liabilities	4 332	42	393 495	–	–	–	–	1 165	–	399 034	447 507
End-of-service and post-retirement liabilities	–	–	–	–	–	–	3 589 872	–	–	3 589 872	3 212 334
Total liabilities	**1 134 220**	**170 066**	**712 754**	**168 211**	**412 378**	**4 627**	**3 592 254**	**384 882**	**(921 835)**	**5 657 557**	**6 091 507**

United Nations all funds summary[a,b]

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 (continued)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*
Reserves and fund balances											
Operating reserves	–	–	38 608	–	–	–	–	138 064	–	176 672	160 705
Reserves for allocations	–	–	69 496	–	–	–	–	–	–	69 496	79 290
Balances related to projects funded by donors	–	203 571	–	–	–	–	–	–	–	203 571	227 656
Working capital funds	150 000	–	–	–	45 000	–	–	–	–	195 000	195 000
Capital funds relating to land and buildings	–	–	–	–	–	1 412 370	–	–	–	1 412 370	722 838
Authorized retained surplus	68 356	–	–	–	–	–	–	–	–	68 356	68 356
Fund principal from contributions	48 728	–	4 446	–	–	20 222	–	–	–	73 396	73 439
Cumulative surplus	163 555	–	975 474	36 458	755 057	38 853	–	918 653	–	2 888 050	3 674 255
Cumulative (deficit) — end-of-service and post-retirement benefits	–	–	–	–	–	–	(3 536 510)	–	–	(3 536 510)	(3 173 734)
Total reserves and fund balances	**430 639**	**203 571**	**1 088 024**	**36 458**	**800 057**	**1 471 445**	**(3 536 510)**	**1 056 717**	–	**1 550 401**	**2 027 805**
Total liabilities and reserves and fund balances	**1 564 859**	**373 637**	**1 800 778**	**204 669**	**1 212 435**	**1 476 072**	**55 744**	**1 441 599**	**(921 835)**	**7 207 958**	**8 119 312**

[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda, and the International Residual Mechanism for Criminal Tribunals are reported in separate sets of financial statements (see note 2 (j)).

[c] Comparative figures have been reclassified to conform to current presentations.

[d] Represents investments in exchange-traded funds (see note 14).

[e] See note 2 (m) (iii) and note 13.

[f] Includes inter-fund loans and balances relating to peacekeeping activities, the United Nations Iraq escrow accounts, the United Nations Compensation Commission, the International Tribunals for the Former Yugoslavia and Rwanda and the International Residual Mechanism for Criminal Tribunals which have not been eliminated.

The accompanying notes are an integral part of the financial statements.

United Nations all funds summary[a,b]

III. Statement of cash flows for the biennium ended 31 December 2013

(Thousands of United States dollars)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*[c]
Cash flows from operating activities											
Net excess (shortfall) of income over expenditure (statement I)	(63 424)	(13 612)	(24 815)	30 605	(521 938)	(5 313)	(362 776)	44 275	–	(916 998)	(1 231 093)
(Increase) decrease in contributions receivable	(6 897)	–	46 671	–	88 146	–	–	1 073	–	128 993	(416 920)
(Increase) decrease in inter-fund balances receivable	293 266	15 229	20 442	80 251	88 990	2 215	(14 630)	9 697	(325 302)	170 158	(92 582)
(Increase) decrease in other accounts receivable	(9 886)	9 636	(50 965)	(5 947)	(143)	454	–	(23 822)	–	(80 673)	(24 862)
(Increase) decrease in other assets	27 320	(2 738)	(1 900)	(30)	124 976	909	(35)	(4 769)	–	143 733	(51 714)
Increase (decrease) in contributions or payments received in advance	5 352	–	–	–	39	–	–	505	–	5 896	(128 761)
Increase (decrease) in unliquidated obligations	(76 799)	(7 268)	(14 327)	(324)	(435 858)	(3 895)	–	3 167	–	(535 304)	274 755
Increase (decrease) in inter-fund balances payable	(366 442)	(20 566)	(2 393)	–	(86 410)	(15 025)	–	1 288	325 302	(164 246)	65 168
Increase (decrease) in other accounts payable	11 323	950	7 732	(80 185)	(23 447)	67	(97)	14 296	–	(69 361)	(5 219)
Increase (decrease) in other liabilities	2 429	25	(49 807)	–	–	–	–	(1 120)	–	(48 473)	269 512
Increase (decrease) in end-of-service and post-retirement liabilities	–	–	–	–	–	–	377 538	–	–	377 538	1 038 112
Less: interest income	(9 341)	(3 059)	(16 459)	–	(7 572)	(224)	–	(15 118)	–	(51 773)	(149 392)
Net cash flows from operating activities	**(193 099)**	**(21 403)**	**(85 821)**	**24 370**	**(773 217)**	**(20 812)**	–	**29 472**	–	**(1 040 510)**	**(452 996)**

United Nations all funds summary[a,b]

III. Statement of cash flows for the biennium ended 31 December 2013 (continued)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*
Cash flows from investing activities											
(Increase) decrease in short-term investments	–	–	389	–	–	–	–	(44 954)	–	(44 565)	(2 382)
(Increase) decrease in long-term investments	–	–	1 724	–	–	–	–	29 637	–	31 361	(13 807)
(Increase) decrease in land and buildings	–	–	–	–	–	(689 532)	–	–	–	(689 532)	(210 416)
(Increase) decrease in construction in progress	–	–	–	–	364 918	(2 053)	–	–	–	362 865	(454 306)
Interest income	9 341	3 059	16 459	–	7 572	224	–	15 118	–	51 773	149 392
Net cash flows from investing activities	**9 341**	**3 059**	**18 572**	–	**372 490**	**(691 361)**	–	**(199)**	–	**(288 098)**	**(531 519)**
Cash flows from financing activities											
Cancellation of prior-period obligations	23 184	–	–	95	106 307	538	–	3 632	–	133 756	74 342
Transfers (to) from other funds	40 508	(1 549)	(615)	–	–	–	–	2 041	–	40 385	(3 054)
Transfers (to) from other organizations	–	–	(431)	–	–	–	–	–	–	(431)	(25 387)
Transfer to construction in progress	–	–	–	–	321 180	5 486	–	–	–	326 666	664 722
Transfer from construction in progress	–	–	–	–	–	(3 433)	–	–	–	(3 433)	(27 222)
Transfer to capital assets	–	–	–	–	(686 098)	689 532	–	–	–	3 434	27 222
Refunds to donors	–	(8 924)	(24 037)	–	–	–	–	(2 666)	–	(35 627)	(22 154)
Other adjustments to reserves and fund balances	–	–	(43)	(24 465)	–	–	–	(648)	–	(25 156)	(58 169)
Net cash flows from financing activities	**63 692**	**(10 473)**	**(25 126)**	**(24 370)**	**(258 611)**	**692 123**	–	**2 359**	–	**439 594**	**630 300**
Net increase (decrease) in cash and term deposits and cash pools	**(120 066)**	**(28 817)**	**(92 375)**	–	**(659 338)**	**(20 050)**	–	**31 632**	–	**(889 014)**	**(354 215)**

United Nations all funds summary[a,b]

III. Statement of cash flows for the biennium ended 31 December 2013 (continued)

	General Fund and related funds (statement V)	*Technical cooperation activities (statement VI)*	*General trust funds (statement VII)*	*Tax Equalization Fund (statement VIII)*	*Capital master plan (statement IX)*	*Capital assets and construction in progress (statement X)*	*End-of-service and post-retirement benefits (statement XI)*	*Other special funds (statement XII)*	*All funds eliminations*	*Total 2013*	*Total 2011*
Cash and term deposits and cash pools, beginning of period	523 433	251 590	1 188 042	–	911 671	32 461	–	691 337	–	3 598 534	3 952 749
Cash and term deposits and cash pools, end of period	**403 367**	**222 773**	**1 095 667**	–	**252 333**	**12 411**	–	**722 969**	–	**2 709 520**	**3 598 534**

[a] See note 3.

[b] The peacekeeping accounts, the United Nations Iraq Escrow Accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda, and the International Residual Mechanism for Criminal Tribunals, are reported in separate sets of financial statements (see note 2 (j))

[c] Comparative figures have been restated to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations General Fund

IV. Statement of appropriations for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Appropriation			Expenditure			
Appropriation part and section	*Original*[a]	*Adjustments*[b]	*Final*[c]	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
Part I. Overall policymaking, direction and coordination							
01 Overall policymaking, direction and coordination	105 134	6 424	111 558	106 810	3 810	110 620	938
02 General Assembly and Economic and Social Council affairs and conference management	616 654	48 423	665 077	652 505	6 110	658 615	6 462
Total	**721 788**	**54 847**	**776 635**	**759 315**	**9 920**	**769 235**	**7 400**
Part II. Political affairs							
03 Political affairs	1 193 701	130 172	1 323 873	1 257 728	56 140	1 313 868	10 005
04 Disarmament	22 422	2 903	25 325	24 896	285	25 181	144
05 Peacekeeping operations	109 725	(197)	109 528	103 908	4 554	108 462	1 066
06 Peaceful uses of outer space	8 002	542	8 544	8 199	107	8 306	238
Total	**1 333 850**	**133 420**	**1 467 270**	**1 394 731**	**61 086**	**1 455 817**	**11 453**
Part III. International justice and law							
07 International Court of Justice	47 766	2 099	49 865	49 786	71	49 857	8
08 Legal affairs	45 389	2 109	47 498	46 709	324	47 033	465
Total	**93 155**	**4 208**	**97 363**	**96 495**	**395**	**96 890**	**473**

United Nations General Fund

IV. Statement of appropriations for the biennium ended 31 December 2013 (continued)

Appropriation part and section	Appropriation			Expenditure			Unencumbered balance
	Original[a]	Adjustments[b]	Final[c]	Disbursements	Unliquidated obligations	Total expenditures	
Part IV. International cooperation for development							
09 Economic and social affairs	148 979	9 374	158 353	152 986	1 200	154 186	4 167
10 Least developed countries, landlocked developing countries and small island developing States	7 265	287	7 552	7 329	33	7 362	190
11 United Nations support for the New Partnership for Africa's Development	12 588	(616)	11 972	11 545	218	11 763	209
12 Trade and development	136 525	11 065	147 590	145 417	1 061	146 478	1 112
13 International Trade Centre	41 338	(1 603)	39 735	39 735	–	39 735	–
14 Environment	13 926	1 390	15 316	15 200	22	15 222	94
15 Human settlements	20 631	1 414	22 045	21 555	178	21 733	312
16 International drug control, crime and terrorism prevention and criminal justice	40 902	4 217	45 119	43 835	697	44 532	587
17 United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	14 482	827	15 309	15 240	–	15 240	69
Total	**436 636**	**26 355**	**462 991**	**452 842**	**3 409**	**456 251**	**6 740**
Part V. Regional cooperation for development							
18 Economic and social development in Africa	138 308	(1 357)	136 951	124 631	11 890	136 521	430
19 Economic and social development in Asia and the Pacific	98 655	7 786	106 441	103 954	1 716	105 670	771
20 Economic development in Europe	65 247	10 069	75 316	73 170	642	73 812	1 504
21 Economic and social development in Latin America and the Caribbean	110 256	12 555	122 811	120 689	1 718	122 407	404
22 Economic and social development in Western Asia	62 647	8 272	70 919	67 133	2 070	69 203	1 716
23 Regular programme of technical cooperation	57 779	(5 163)	52 616	46 482	3 835	50 317	2 299
Total	**532 892**	**32 162**	**565 054**	**536 059**	**21 871**	**557 930**	**7 124**

United Nations General Fund

IV. Statement of appropriations for the biennium ended 31 December 2013 (continued)

	Appropriation			Expenditure			
Appropriation part and section	*Original*[a]	*Adjustments*[b]	*Final*[c]	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
Part VI. Human rights and humanitarian affairs							
24 Human rights	154 315	20 822	175 137	169 747	4 053	173 800	1 337
25 International protection, durable solutions and assistance to refugees	95 507	(2 207)	93 300	93 300	–	93 300	–
26 Palestine refugees	47 378	6 708	54 086	53 473	–	53 473	613
27 Humanitarian assistance	29 374	1 416	30 790	30 404	249	30 653	137
Total	**326 574**	**26 739**	**353 313**	**346 924**	**4 302**	**351 226**	**2 087**
Part VII. Public information							
28 Public information	179 092	12 084	191 176	189 368	1 123	190 491	685
Total	**179 092**	**12 084**	**191 176**	**189 368**	**1 123**	**190 491**	**685**
Part VIII. Common support services							
29A Office of the Under-Secretary-General for Management	14 868	1 630	16 498	16 101	78	16 179	319
29B Office of Programme Planning, Budget and Accounts	36 260	2 823	39 083	38 892	191	39 083	–
29C Office of Human Resources Management	73 982	3 271	77 253	75 153	1 751	76 904	349
29D Office of Central Support Services	180 178	4 085	184 263	178 357	5 906	184 263	–
29E Administration, Geneva	149 646	15 219	164 865	154 906	8 803	163 709	1 156
29F Administration, Vienna	39 864	55	39 919	39 588	308	39 896	23
29G Administration, Nairobi	30 101	2 477	32 578	31 467	523	31 990	588
29H Office of Information and Communications Technology	75 311	(697)	74 614	70 984	3 630	74 614	–
Total	**600 210**	**28 863**	**629 073**	**605 448**	**21 190**	**626 638**	**2 435**
Part IX. Internal oversight							
31 Internal oversight	38 254	312	38 566	38 182	320	38 502	64
Total	**38 254**	**312**	**38 566**	**38 182**	**320**	**38 502**	**64**

United Nations General Fund

IV. Statement of appropriations for the biennium ended 31 December 2013 (continued)

	Appropriation			Expenditure			
Appropriation part and section	*Original*[a]	*Adjustments*[b]	*Final*[c]	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
Part X. Jointly financed administrative activities and special expenses							
32 Jointly financed administrative activities	10 762	955	11 717	11 407	–	11 407	310
33 Special expenses	120 457	2 528	122 985	122 495	490	122 985	–
Total	**131 219**	**3 483**	**134 702**	**133 902**	**490**	**134 392**	**310**
Part XI. Capital expenditures							
34 Construction, alteration, improvement and major maintenance	64 887	2 478	67 365	44 732	22 633	67 365	–
Total	**64 887**	**2 478**	**67 365**	**44 732**	**22 633**	**67 365**	**–**
Part XII. Security and safety							
35 Security and safety	213 413	35 547	248 960	245 466	2 026	247 492	1 468
Total	**213 413**	**35 547**	**248 960**	**245 466**	**2 026**	**247 492**	**1 468**
Part XIII. Development account							
36 Development account	29 243	–	29 243	29 243	–	29 243	–
Total	**29 243**	**–**	**29 243**	**29 243**	**–**	**29 243**	**–**
Part XIV. Staff assessment							
37 Staff assessment	451 087	52 270	503 357	503 357	–	503 357	–
Total	**451 087**	**52 270**	**503 357**	**503 357**	**–**	**503 357**	**–**
Grand total	**5 152 300**	**412 768**	**5 565 068**	**5 376 064**	**148 765**	**5 524 829**	**40 239**

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[a] Pursuant to General Assembly resolution 66/248 A.

[b] Incorporates changes arising from General Assembly resolutions 67/247, 67/269 and 68/245, and also incorporates amounts transferred between sections of the budget with the concurrence of the Advisory Committee on Administrative and Budgetary Questions.

[c] Represents final amounts authorized for the biennium 2012-2013, after incorporating all changes.

The accompanying notes are an integral part of the financial statements.

United Nations General Fund and related funds[a]

V. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	United Nations General Fund	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2013*	*Total 2011*
Income						
Assessed contributions[c]	5 396 509	–	–	–	5 396 509	4 999 146
Net revenue-producing activities	(1 252)[d]	–	–	–	(1 252)	382
Income for services rendered	3 820	–	–	–	3 820	4 444
Interest income	5 795	–	3 546	–	9 341	37 711
Other/miscellaneous income	52 262[e]	–	100	–	52 362	25 509
Total income	**5 457 134**	–	**3 646**	–	**5 460 780**	**5 067 192**
Expenditure						
Staff and other personnel costs	4 135 255	–	–	–	4 135 255	3 944 028
Travel	126 578	–	–	–	126 578	126 022
Contractual services	141 649	–	–	–	141 649	150 465
Operating expenses	580 543	–	30	–	580 573	577 632
Acquisitions	178 068	–	–	–	178 068	282 618
Other	362 736	–	–	–	362 736	333 387
Total expenditure	**5 524 829**	–	**30**	–	**5 524 859**	**5 414 152**
Excess (shortfall) of income over expenditure	**(67 695)**	–	**3 616**	–	**(64 079)**	**(346 960)**
Prior-period adjustments	655	–	–	–	655	(367)
Net excess (shortfall) of income over expenditure	**(67 040)**	–	**3 616**	–	**(63 424)**	**(347 327)**
Cancellation of prior-period obligations	23 184	–	–	–	23 184	45 017
Transfers (to) from other funds[f]	67 156	–	(26 648)	–	40 508	–
Reserves and fund balances, beginning of period	20 135	150 000	260 236	–	430 371	732 681
Reserves and fund balances, end of period	**43 435**	**150 000**	**237 204**	–	**430 639**	**430 371**

United Nations General Fund and related funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	United Nations General Fund	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2013*	*Total 2011*
Assets						
Cash and term deposits	25 855	–	–	–	25 855	30 206
Cash pool[g]	117 100	–	260 412	–	377 512	493 227
Assessed contributions receivable from Member States[h]	461 310	–	–	–	461 310	454 413
Inter-fund balances receivable	403 700	150 018	–	(176 554)	377 164	670 430
Other accounts receivable	117 716	–	–	–	117 716	107 830
Deferred charges[i]	179 839	–	–	–	179 839	210 955
Other assets	5 498	–	–	–	5 498	1 702
Special account for assessed contributions unpaid pursuant to resolution 3049 C (XXVII)	16 637	–	–	–	16 637	16 637
Due from the Special Account of the United Nations Emergency Force (1956)	–	–	1 932	–	1 932	1 932
Due from the Ad Hoc Account for the United Nations Operation in the Congo	–	–	1 396	–	1 396	1 396
Total assets	**1 327 655**	**150 018**	**263 740**	**(176 554)**	**1 564 859**	**1 988 728**
Liabilities						
Contributions or payments received in advance	13 732	18	–	–	13 750	8 398
Unliquidated obligations — current period	149 092	–	–	–	149 092	195 329
Unliquidated obligations — future periods	163 055	–	–	–	163 055	193 617
Inter-fund balances payable	846 314	–	26 536	(176 554)	696 296	1 062 738
Other accounts payable	107 695	–	–	–	107 695	96 372
Other liabilities	4 332	–	–	–	4 332	1 903
Total liabilities	**1 284 220**	**18**	**26 536**	**(176 554)**	**1 134 220**	**1 558 357**
Reserves and fund balances						
Working capital funds	–	150 000	–	–	150 000	150 000
Authorized retained surplus	68 356	–	–	–	68 356	68 356
Fund principal from contributions	–	–	48 728	–	48 728	48 728
Cumulative surplus (deficit)	(24 921)	–	188 476[j]	–	163 555	163 287
Total reserves and fund balances	**43 435**	**150 000**	**237 204**	**–**	**430 639**	**430 371**
Total liabilities, reserves and fund balances	**1 327 655**	**150 018**	**263 740**	**(176 554)**	**1 564 859**	**1 988 728**

(Footnotes on following page)

(Footnotes to statement V)

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[a] See note 5.

[b] Upon combination of the columns, transactions between the columns are eliminated in order to make for a fair presentation of the "Total" column.

[c] See note 4 for details of assessments and reconciliation to appropriations.

[d] See schedule 5.1.

[e] See schedule 5.2.

[f] Represents transfers in accordance with General Assembly resolution 68/245.

[g] Represents share of the United Nations main cash pool and comprises cash and term deposits of $78,902,458, short-term investments of $150,447,829, long-term investments of $147,644,106 and accrued interest receivable of $517,302 (see note 13).

[h] Represents contributions unpaid irrespective of collectability.

[i] Includes commitments in respect of future financial periods of $163,055,000.

[j] Net of $3,911,000 appropriated for the United Nations Emergency Force pursuant to General Assembly resolution 2115 (XX), section II.

The accompanying notes are an integral part of the financial statements.

United Nations General Fund

Schedule 5.1
Revenue-producing activities

Schedule of income and expenditure for the biennium 2012-2013 ended 31 December 2013

(Thousands of United States dollars)

	Sale of United Nations postage stamps[a]	*Sale of publications*	*Services to visitors*[b]	*Statistical products*	*Gift centre*	*Garage operations*[c]	*Catering operations*[d]	*Other commercial operations*[e]	*Total 2013*	*Total 2011*
Income										
Gross sales	10 186	7 441	7 781	1 636	824	1 848	43	1 539	31 298	34 020
Less: cost of sales	(651)	(1 570)	–	–	–	–	–	–	(2 221)	(3 180)
Net income from sales	**9 535**	**5 871**	**7 781**	**1 636**	**824**	**1 848**	**43**	**1 539**	**29 077**	**30 840**
Expenditure										
Staff and other personnel costs	7 997	5 195	7 840	423		1 567	575	613	24 210	23 696
Travel	78	67	2	182	–	–	–	2	331	285
Contractual services	3	669	93	–	–	–	534	11	1 310	767
Operating expenses	827	289	174	229	–	231	8	99	1 857	2 519
Acquisitions	50	47	42	47	–	–	32	122	340	553
Promotional costs	330	320	599	–	–	–	–	–	1 249	1 699
Management fees	–	15	–	–	–	–	–	–	15	38
Total expenditure	**9 285**	**6 602**	**8 750**	**881**	**–**	**1 798**	**1 149**	**847**	**29 312**	**29 557**
Excess (shortfall) of income over expenditure	**250**	**(731)**	**(969)**	**755**	**824**	**50**	**(1 106)**	**692**	**(235)**	**1 283**
Less: Revenue Accounts Unit									(1 017)	(901)
Net excess (shortfall) of income over expenditure									**(1 252)**	**382**
										Total 2011
Revised income estimates	(960)	(33)	(1 169)	693	770	93	(1 542)	664	(1 484)	1 860
Less: Revenue Accounts Unit									(1 031)	(702)
Net (loss) income estimates									**(2 515)**[f]	**1 158**

(Footnotes on following page)

(Footnotes to schedule 5.1)

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[a] Stamps sold are included in revenues which could be used for mailing in a future period, thereby representing a contingent liability.
By its resolution 63/268 the General Assembly decided not to create a reserve for contingent liabilities for postal services.

[b] Includes net losses of $570,461 from the United Nations Office at Vienna and $310,376 from the United Nations Office in Nairobi.

[c] Includes net income of $42,125 from the United Nations Office at Geneva and $24,829 from ESCAP.

[d] Includes net loss of $22,594 from ESCAP.

[e] Represents net income of $120,890 from ESCAP, $538,786 from the Economic Commission for Africa and $32,752 from the United Nations Office at Vienna.

[f] Represents final net loss estimates for the biennium 2012-2013 ended 31 December 2013 approved by the General Assembly in resolution 68/245 A-B.

United Nations General Fund

Schedule 5.2

Schedule of miscellaneous income for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Final estimates for the biennium 2012-2013[a]	*Actual for the biennium 2012-2013*	*Actual for the biennium 2010-2011*
Net income from revenue-producing activities (schedule 5.1)	(2 515)	(1 252)	382
Income for services rendered	**3 403**	**3 820**	**4 444**
Interest income	**5 518**	**5 795**	**28 891**
Other/miscellaneous income			
Income from rental of premises	22 352	23 314	10 557
Sale of used equipment	396	622	1 789
Refund of prior years' expenditures	6 477	9 044	4 156
Contributions of non-Member States and new Member States	22	193	22
Other	3 863	19 089	8 972
Subtotal other/miscellaneous income	**33 110**	**52 262**	**25 496**
Total miscellaneous income	**39 516**	**60 625**	**59 213**

[a] Represents amounts approved by the General Assembly in its resolutions 66/248, 67/247 and 68/245.

Technical cooperation activities[a]

VI. Statement of income and expenditure and changes in reserves and fund balances for the biennium 2012-2013 ended 31 December 2013

(Thousands of United States dollars)

	United Nations	*ECA*	*ESCAP*	*ECE*	*ECLAC*	*ESCWA*	*UNCTAD*	*UN-Habitat*	*Total 2013*	*Total 2011*[b]
Income										
Voluntary contributions	124 055	45 920	23 056	20 993	18 354	4 304	57 014	–	293 696	294 839
Funds received under inter-organization arrangements	5 103	4 905	2 297	1 214	2 949	1 662	10 644	–	28 774	24 548
Allocations from other funds[c]	17 516	9 707	5 860	3 500	5 877	4 212	2 274	1 371	50 317	48 888
Interest income	989	588	432	220	155	86	589	–	3 059	8 254
Other miscellaneous income	220	32	–	63	665	–	152	–	1 132	407
Total income	**147 883**	**61 152**	**31 645**	**25 990**	**28 000**	**10 264**	**70 673**	**1 371**	**376 978**	**376 936**
Expenditure										
Staff and other personnel costs	116 264	23 727	14 201	13 056	19 807	4 394	47 675	1 233	240 357	245 197
Travel	4 523	5 028	1 659	4 074	4 649	734	8 742	86	29 495	30 107
Contractual services	12 419	5 273	2 519	2 214	466	2 247	1 357	1	26 496	19 198
Operating expenses	1 702	1 575	762	161	953	139	739	50	6 081	6 573
Acquisitions	1 465	762	66	197	116	4	1 374	1	3 985	5 539
Other	9 721	18 390	8 050	1 701	4 037	2 005	6 607	–	50 511	46 555
Total project costs	**146 094**	**54 755**	**27 257**	**21 403**	**30 028**	**9 523**	**66 494**	**1 371**	**356 925**	**353 169**
Programme support costs	12 960	5 475	2 466	2 136	2 542	559	7 544	–	33 682	33 441
Total expenditure	**159 054**	**60 230**	**29 723**	**23 539**	**32 570**	**10 082**	**74 038**	**1 371**	**390 607**	**386 610**
Excess (shortfall) of income over expenditure	**(11 171)**	**922**	**1 922**	**2 451**	**(4 570)**	**182**	**(3 365)**	–	**(13 629)**	**(9 674)**
Prior-period adjustments	30	3	(6)	(10)	–	–	–	–	17	(62)
Net excess (shortfall) of income over expenditure	**(11 141)**	**925**	**1 916**	**2 441**	**(4 570)**	**182**	**(3 365)**	–	**(13 612)**	**(9 736)**
Transfers (to) from other funds	(1 598)	29	–	157	(201)	–	64	–	(1 549)	69
Refund to donors	(2 292)	(1 414)	(634)	(358)	(581)	(121)	(3 524)	–	(8 924)	(8 418)
Reserves and fund balances, beginning of period	81 077	34 125	28 610	15 102	15 951	5 986	46 805	–	227 656	245 741
Reserves and fund balances, end of period	**66 046**	**33 665**	**29 892**	**17 342**	**10 599**	**6 047**	**39 980**	–	**203 571**	**227 656**

Technical cooperation activities[a]

Statement of assets, liabilities, and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	United Nations	*ECA*	*ESCAP*	*ECE*	*ECLAC*	*ESCWA*	*UNCTAD*	*UN-Habitat*	*Total 2013*	*Total 2011*[b]
Assets										
Cash and term deposits	714	–	1 021	–	1	–	5	–	1 741	5 487
Cash pool[d]	67 431	44 384	30 572	18 590	11 238	6 839	41 978	–	221 032	246 103
Inter-fund balances receivable	90 441	41 811	534	9	663	59	411	–	133 928	149 157
Receivable from funding sources	–	121	59	–	–	–	825	–	1 005	1 992
Other accounts receivable	3 296	101	10	51	122	518	907	–	5 005	13 654
Deferred charges	3 699	2 910	2 623	419	445	546	284	–	10 926	8 188
Total assets	**165 581**	**89 327**	**34 819**	**19 069**	**12 469**	**7 962**	**44 410**	–	**373 637**	**424 581**
Liabilities										
Unliquidated obligations — prior periods	–	312	–	–	–	–	–	–	312	244
Unliquidated obligations — current period	3 382	7 095	1 037	910	746	983	2 005	–	16 158	26 353
Unliquidated obligations — future periods	3 419	2 910	2 622	401	443	546	284	–	10 625	7 766
Inter-fund balances payable	89 809	44 843	353	174	2	172	1 388	–	136 741	157 307
Payables due to funding sources	1 653	177	103	–	56	151	148	–	2 288	2 450
Other accounts payable	1 231	325	812	242	622	63	605	–	3 900	2 788
Other liabilities	41	–	–	–	1	–	–	–	42	17
Total liabilities	**99 535**	**55 662**	**4 927**	**1 727**	**1 870**	**1 915**	**4 430**	–	**170 066**	**196 925**
Reserves and fund balances										
Extrabudgetary funds relating to projects funded by donors	66 046	33 665	29 892	17 342	10 599	6 047	39 980	–	203 571	227 656
Total reserves and fund balances	**66 046**	**33 665**	**29 892**	**17 342**	**10 599**	**6 047**	**39 980**	–	**203 571**	**227 656**
Total liabilities and reserves and fund balances	**165 581**	**89 327**	**34 819**	**19 069**	**12 469**	**7 962**	**44 410**	–	**373 637**	**424 581**

(Footnotes on following page)

(Footnotes to statement VI)

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[a] See notes 2 (o) and 6.

[b] Comparative figures have been reclassified to conform to current presentation.

[c] Represents expenditures under section 23 of the regular budget (see statement IV) of $50,317,235.

[d] Represents share of the United Nations main cash pool and comprises cash and term deposits of $46,197,235, short-term investments of $88,086,911, long-term investments of $86,445,336 and accrued interest receivable of $302,879 (see note 13).

The accompanying notes are an integral part of the financial statements.

United Nations general trust funds[a]

VII. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2013*	*Total 2011*[d]
Income										
Voluntary contributions	221 716	7 040	51 997	1 963 020	3 649	39 170	93 048	–	2 379 640	2 331 774
Funds received under inter-organization arrangements	14 580	263	460	108 298	–	1 697	–	–	125 298	132 231
Allocations from other funds	623	–	–	63 317	–	1 787	–	(65 105)	622	609
Interest income[e]	3 959	148	568	10 862	100	588	234	–	16 459	42 616
Other/miscellaneous income[f]	6 767	47	1 633	88 093	1 951	815	11 333	–	110 639	75 794
Total income	**247 645**	**7 498**	**54 658**	**2 233 590**	**5 700**	**44 057**	**104 615**	**(65 105)**	**2 632 658**	**2 583 024**
Expenditure										
Staff and other personnel costs	53 442	2 631	24 548	533 224	2 396	13 745	816	–	630 802	555 576
Travel	20 251	1 492	9 787	65 046	169	5 353	99	–	102 197	106 829
Contractual services	17 464	150	3 320	103 940	471	1 264	71	–	126 680	150 193
Operating expenses	23 598	253	2 651	88 743	1 546	2 062	107	–	118 960	166 347
Acquisitions	28 685	13	70	53 031	21	2 877	–	–	84 697	72 739
Other[g]	25 108	1 519	7 494	1 283 762	7	130	98 545	(65 087)	1 351 478	1 286 755
Programme support costs (implementing partners)	475	–	570	75 969	–	392	6 662	(18)	84 050	74 092
Total direct expenditure	**169 023**	**6 058**	**48 440**	**2 203 715**	**4 610**	**25 823**	**106 300**	**(65 105)**	**2 498 864**	**2 412 531**
Programme support costs (United Nations)	12 605	628	3 932	131 447	594	1 859	61	–	151 126	142 302
Total expenditure	**181 628**	**6 686**	**52 372**	**2 335 162**	**5 204**	**27 682**	**106 361**	**(65 105)**	**2 649 990**	**2 554 833**
Excess (shortfall) of income over expenditure	**66 017**	**812**	**2 286**	**(101 572)**	**496**	**16 375**	**(1 746)**	–	**(17 332)**	**28 191**
Prior-period adjustments	397[h]	(18)	(333)[i]	(3 460)[j]	(2)	18	(4 085)[k]	–	(7 483)	(9 076)
Net excess (shortfall) of income over expenditure	**66 414**	**794**	**1 953**	**(105 032)**	**494**	**16 393**	**(5 831)**	–	**(24 815)**	**19 115**
Transfers (to) from other funds	(122)	1 456[l]	(7)	–	–	34	(1 976)[m]	–	(615)	(5 190)
Transfers (to) from other organizations	(331)[n]	–	(100)[o]	–	–	–	–	–	(431)	(25 349)
Refunds to donors	(14 221)	(369)	(2 348)	(6 077)	(112)	(910)	–	–	(24 037)	(10 701)
Other adjustments to reserve and fund balances	–	–	–	–	–	(43)	–	–	(43)	–
Reserves and fund balances, beginning of period	239 285	9 824	41 076	809 993	6 118	21 276	10 393	–	1 137 965	1 160 090
Reserves and fund balances, end of period	**291 025**	**11 705**	**40 574**	**698 884**	**6 500**	**36 750**	**2 586**	–	**1 088 024**	**1 137 965**

United Nations general trust funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2013*	*Total 2011*[d]
Assets										
Cash and term deposits	188	–	–	2 881	98	–	43	–	3 210	1 729
Short-term investments[p]	–	–	–	–	–	–	–	–	–	389
Long-term investments[p]	–	–	–	–	–	–	–	–	–	1 724
Cash pools[q]	306 769	11 971	41 808	685 564	6 932	37 024	2 389	–	1 092 457	1 186 313
Voluntary contributions receivable	16 266	1 014	1 874	348 005	–	6 978	–	–	374 137	420 808
Inter-fund balances receivable	505	362	207	65	154	12	–	–	1 305	21 747
Other accounts receivable	617	21	183	61 919	–	189	82	–	63 011	38 030
Other assets	1 190	–	152	2 100	–	150	–	–	3 592	1 692
Advances to implementing partners	2 965	–	1 318	225 415	–	2 520	30 848	–	263 066	237 082
Total assets	**328 500**	**13 368**	**45 542**	**1 325 949**	**7 184**	**46 873**	**33 362**	–	**1 800 778**	**1 909 514**
Liabilities										
Unliquidated obligations — current period	11 933	210	1 750	243 984	193	937	30 713	–	289 720	305 438
Unliquidated obligations — future periods	1 130	–	109	467	–	–	–	–	1 706	315
Inter-fund balances payable	4 625	217	1 186	3 274	144	1 275	9	–	10 730	13 123
Other accounts payable	4 342	198	435	11 840	13	221	54	–	17 103	9 371
Deferred income	15 445	1 038	1 488	367 500	334	7 690	–	–	393 495	443 302
Total liabilities	**37 475**	**1 663**	**4 968**	**627 065**	**684**	**10 123**	**30 776**	–	**712 754**	**771 549**
Reserves and fund balances										
Operating reserves	909	11	1 186	36 096	–	406	–	–	38 608	35 448
Reserves for allocations	2 924	–	1 319	62 736	–	2 517	–	–	69 496	79 290
Fund principal from contributions	–	–	–	2 000	1 000	1 446	–	–	4 446	4 489
Cumulative surplus (deficit)	287 192	11 694	38 069	598 052	5 500	32 381	2 586	–	975 474	1 018 738
Total reserves and fund balances	**291 025**	**11 705**	**40 574**	**698 884**	**6 500**	**36 750**	**2 586**	–	**1 088 024**	**1 137 965**
Total liabilities and reserves and fund balances	**328 500**	**13 368**	**45 542**	**1 325 949**	**7 184**	**46 873**	**33 362**	–	**1 800 778**	**1 909 514**

(Footnotes on following page)

(Footnotes to statement VII)

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[a] See note 7.

[b] See note 7 (c).

[c] Upon combination of the columns, transactions between the columns are eliminated, in order to make for a fair presentation of the "Total" column.

[d] Comparative figures have been reclassified to conform to current presentation.

[e] Includes investment income from the cash pools and accrued interest reported by implementing partners.

[f] Includes cancellation of prior-period obligations.

[g] Includes grants funded from the Central Emergency Response Fund and the United Nations Fund for International Partnerships.

[h] Includes the net of accounting adjustments and write-offs related to prior-period pledges of $79,300 and net adjustment of $317,775 arising from prior-period expenditures reported by implementing partners.

[i] Includes accounting adjustments and write-offs of prior-period pledges in the amounts of $116,555 and $42,056, respectively, under the Trust Fund for Updating the Repertoire of the Practice of the Security Council and an accounting adjustment of $113,055 of a prior-period pledge under the Trust Fund in Support of the United Nations Forum on Forests.

[j] Includes the write-off of prior-period advances to the United Nations Development Programme (UNDP) of $900,195 under the Trust Fund for Disaster Relief and net adjustment to prior-period expenditures of $2,420,910 reported by the implementing partners under the Central Emergency Response Fund.

[k] Represents net adjustments to prior-period expenditures reported by implementing partners.

[l] Includes the transfer of $1,413,797 from the technical cooperation sub-fund for projects financed by the Government of Japan to the trust fund for the Office of Legal Affairs to support the promotion of international law as authorized by the Nippon Foundation of Japan.

[m] Represents transfer to the United Nations Fund for International Partnerships special account for administrative cost recoveries (schedule 12.2).

[n] Includes the transfer of $320,000 from the sub-fund of the Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia-Eritrea Border to the United Nations Population Fund as authorized by the Government of Italy.

[o] Represents transfer from the sub-fund of the Trust Fund for International Cooperation for Development to UNDP as authorized by the Government of Japan.

[p] During 2013, investments managed by the United Nations Joint Staff Pension Fund on behalf of the Library Endowment Fund were liquidated and transferred to the United Nations euro cash pool.

[q] Represents share of the United Nations main cash pool and the euro cash pool and comprises cash and term deposits of $228,807,001, short-term investments of $435,104,686, long-term investments of $427,034,521 and accrued interest receivable of $1,510,148.

The accompanying notes are an integral part of the financial statements.

United Nations general trust funds

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Political affairs				
Trust Fund for the United Nations Guard Contingent	1 470	11	858	623
Trust Fund for Iraq-Kuwait Border Issues	4 133	642	4 132	643
Trust Fund for the United Nations Disarmament Information Programme	415	11	41	385
United Nations Centre for Disarmament: Geneva Research and Reference Collection Trust Fund	39	–	3	36
United Nations Institute for Disarmament Research	1 365	7 159	6 582	1 942
Trust Fund for the United Nations Programme on Space Applications	2 471	1 422	1 573	2 320
United Nations Regional Centre for Peace and Disarmament in Africa	151	1 589	858	882
Trust Fund for the United Nations Regional Centre for Peace, Disarmament and Development in Latin America	2 074	4 062	3 944	2 192
Trust Fund for Global and Regional Disarmament Activities	8 105	9 273	6 417	10 961
Trust Fund for the United Nations Regional Centre for Peace and Disarmament in Asia	712	540	467	785
Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Central Africa	52	33	22	63
Trust Fund in Support of Political Affairs	27 730	38 361	32 875	33 216
United Nations Trust Fund for Electoral Assistance	1 259	28	179	1 108
Trust Fund for the Guatemala Peace Process	1 367	22	–	1 389
Trust Fund for Negotiations to Find a Comprehensive Settlement of the Georgian/Abkhaz Conflict	270	4	33	241
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia-Eritrea Border	3 891	34	2 510	1 415
Trust Fund for the Settlement of the Question of East Timor	3 558	2	3 560	–
Trust Fund for the United Nations Integrated Peacebuilding Office in Guinea-Bissau	6 612	563	1 467	5 708
Trust Fund in Support of the Activities of the Committee on the Exercise of the Inalienable Rights of the Palestinian People	31	1	–	32
Trust Fund for Updating the Repertoire of the Practice of the Security Council	337	45	56	326
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	529	–	529	–
Trust Fund for Peacebuilding in Somalia	1 198	3 486	3 318	1 366
Trust Fund for Somalia-Unified Command	386	6	–	392
Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces Signed in Moscow on 14 May 1994	11	–	3	8
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	303	5	–	308
Trust Fund for Children and Armed Conflict	640	917	610	947
Trust Fund to Support United Nations Peacebuilding-related Efforts in Sierra Leone	364	304	–	668
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	7 362	86	1 600	5 848
Trust Fund for the Peacemaking Activities of the Secretary-General	222	3	145	80
Trust Fund for Assistance to the Special Representative of the United Nations Secretary-General for Burundi in Support of Peacekeeping	322	5	–	327

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund in Support of the Department of Peacekeeping Operations	12 352	15 605	16 740	11 217
Trust Fund in Support of the United Nations Coordinator in the Occupied Territories	108	2	–	110
Trust Fund for the Great Lakes Region	1 218	–	1 218	–
Trust Fund for the Rapidly Deployable Mission Headquarters	993	14	–	1 007
Trust Fund for Preventive Action	1 148	204	537	815
Trust Fund for the Consolidation of Peace through Practical Disarmament Measures	53	3	18	38
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	2 286	3 050	3 903	1 433
Trust Fund to Support the United Nations Interim Administration Mission in Kosovo	1 035	15	–	1 050
Trust Fund for Afghanistan	649	9	–	658
Trust Fund for the Promotion of Social and Economic Development in Afghanistan	1 414	909	144	2 179
Trust Fund to Support the Ituri Pacification Commission	7	–	–	7
United Nations Democracy Trust Fund	43 917	28 293	27 259	44 951
Trust Fund in Support of the Political Transition in Haiti	923	984	1 167	740
Trust Fund in Support of the Peace Process in the Sudan	1 098	12	422	688
Trust Fund for the African Union-United Nations Joint Mediation Support Team for Darfur	6 665	2 655	2 764	6 556
Trust Fund for the Support of the Activities of the United Nations Mission in the Central African Republic and Chad	3 449	50	1	3 498
Trust Fund to Support Lasting Peace in Darfur	194	2 988	134	3 048
Trust Fund for the Peacebuilding Support Office	2 396	6 070	6 741	1 725
Trust Fund in Support of the United Nations Register of Damage	542	2 554	1 729	1 367
Trust Fund for Global Initiative on Biotechnology Security	100	1	–	101
Trust Fund for Counter-Terrorism	5 797	6 442	5 269	6 970
Trust Fund in Support of the African Union Mission to Somalia	12 821	37 375	29 188	21 008
Trust Fund in Support of the Somali Transitional Security Institutions	9 446	953	4 308	6 091
Trust Fund in Support of the Construction and Renovation of the United Nations Compound in Baghdad, Iraq	51 831	753	132	52 452
Trust Fund in Support of the Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict	811	3 777	2 450	2 138
Trust Fund for the Counter-Terrorism Committee Executive Directorate	653	1 232	1 093	792
Trust Fund in Support of Peacebuilding Efforts in the Central African Republic	–	1 090	285	805
Trust Fund in Support of the Mission and Activities Related to the Mandate of the Joint UN-League of Arab States Special Envoy for Syria	–	1 086	1 086	–
Trust Fund in Support of the African-led International Support Mission in Mali	–	44 205	15 743	28 462
Trust Fund in Support of Peace and Security in Mali	–	11 226	1 001	10 225
Trust Fund for the United Nations Operation in Côte d'Ivoire	–	553	76	477
Trust Fund in Support of Peace and Security in Libya	–	266	–	266
Trust Fund in Support of the Elimination of Syrian Chemical Weapons	–	6 655	715	5 940
Subtotal — Political affairs	**239 285**	**247 645**	**195 905**	**291 025**

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
International justice and law				
Trust Fund for the United Nations Programme of Assistance in the Teaching, Study, Dissemination and Wider Appreciation of International Law	742	614	872	484
United Nations Commission on International Trade Law Symposiums	752	1 085	984	853
Seminar on International Law	44	139	139	44
Trust Fund to Assist States in the Judicial Settlement of Disputes through the International Court of Justice	2 949	181	–	3 130
Trust Fund on Voluntary Fund to Grant Travel Assistance to Developing Countries Members of the United Nations Commission on International Trade Law	11	13	10	14
Trust Fund for the International Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	1 114	118	433	799
Trust Fund to Assist States in the Settlement of Disputes Through the International Tribunal for the Law of the Sea	175	30	–	205
Trust Fund to Assist Developing States in Attending Meetings of the Informal Consultative Process on Oceans and the Law of the Sea	40	79	59	60
Trust Fund to Assist Developing States in the Preparation of Submissions to the Commission on the Limits of the Continental Shelf	1 237	65	–	1 302
Trust Fund to Assist Members of the Commission on the Limits of the Continental Shelf from Developing States to Participate in its Meetings	814	1 009	695	1 128
Trust Fund for the Repertory of Practice of United Nations Organs	38	13	35	16
Trust Fund for the Office of Legal Affairs to Support the Promotion of International Law	541	1 409	(149)	2 099
Voluntary Trust Fund to Support the Activities of the International Tribunal Established by Security Council Resolution 827 (1993)	1 140	2 293	2 248	1 185
Trust Fund on the Backlog Relating to the Yearbook of the International Law Commission	37	48	–	85
Trust Fund to Support the Coordination and Coherence of the Rule of Law Activities of the United Nations System	142	276	158	260
Trust Fund for the Regular Process for Global Reporting and Assessment of the State of the Marine Environment, including Socioeconomic Aspects	48	126	133	41
Subtotal — International justice and law	**9 824**	**7 498**	**5 617**	**11 705**
Economic and social development				
Trust Fund for Development Planning and Projections	31	1	23	9
United Nations Research Institute for Social Development	2 226	5 993	6 453	1 766
Trust Fund for Ageing	314	25	19	320
United Nations Youth Fund	226	36	174	88
Trust Fund for the Financing of the Implementation of the Convention on Long-range Transboundary Air Pollution	3 835	6 313	6 624	3 524
Trust Fund for the Economic Commission for Europe Study on Long-term European Timber Trends and Prospects	96	427	294	229

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
United Nations Voluntary Fund on Disability	1 174	260	527	907
Trust Fund for Statistical Development and Capacity-Building	1 093	277	284	1 086
United Nations/Economic Commission for Europe Trust Fund on Human Settlements	1 063	113	639	537
Trust Fund for the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting	3	90	75	18
Trust Fund for International Cooperation for Development	562	7	100	469
Trust Fund for Case Studies on the Functioning of the Operational Activities for Development of the United Nations System	1 433	828	1 663	598
Policy Analysis on Transnational Corporations	64	–	64	–
United Nations Electronic Data Interchange for Administration, Commerce and Transport	92	1	2	91
Trust Fund for the Economic Commission for Europe Project Energy Efficiency 2000	20	1	21	–
United Nations Trust Fund on Family Activities	525	7	26	506
Trust Fund for Population and Development	215	330	402	143
Trust Fund for Assistance to Countries in Transition	146	4	150	–
Trust Fund for the Follow-up to the World Summit for Social Development	1 280	26	212	1 094
General Trust Fund for Economic Commission for Europe Follow-up Activities of the Fourth World Conference on Women	7	–	7	–
Trust Fund for Environmental Performance Reviews and the "Environment for Europe"	461	208	205	464
Trust Fund for Supporting Economic Commission for Europe Regional Conferences and Meetings, including Preparatory Meetings for Global Conferences	5	–	5	–
Trust Fund for Support of the Work of the Commission on Sustainable Development	4 181	5 659	6 088	3 752
Trust Fund for the Support of Activities of the Office of the Special Adviser on Africa to the New Partnership for Africa's Development and the Tokyo International Conference on African Development Process	396	6	–	402
Trust Fund for Alliance of Civilizations	3 486	7 541	7 860	3 167
Trust Fund to Support Activities for the Follow-up to the International Conference on Financing for Development	299	13	57	255
Global Compact Trust Fund	6 712	10 974	9 407	8 279
Trust Fund in Support of the United Nations Forum on Forests	2 952	7 466	5 670	4 748
Trust Fund in Support of Activities Undertaken by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	3 596	1 303	2 723	2 176
Trust Fund on Indigenous Issues	805	645	600	850
Trust Fund for the Support of Activities Related to the Preparation and Organization of the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation and its Follow-up	927	361	804	484
Trust Fund for the Annual Ministerial Review and the Development Cooperation Forum	977	2 303	1 573	1 707

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund to Support the United Nations Response to Climate Change	53	1	2	52
Trust Fund in Support of Non-Governmental and Civil Society Organizations	68	6	–	74
General Trust Fund for ESCAP Regional Activities	1 753	3 433	2 407	2 779
Subtotal — Economic and social development	**41 076**	**54 658**	**55 160**	**40 574**
Human rights and humanitarian affairs				
Afghanistan Emergency Trust Fund	1 176	27	1 203	–
Trust Fund for the Strengthening of the Office of the Emergency Relief Coordinator	23 711	129 544	139 544	13 711
Committee on the Elimination of Racial Discrimination	491	5	–	496
Trust Fund for the Programme of the Decade for Action to Combat Racism and Racial Discrimination	893	24	–	917
United Nations Voluntary Fund for Victims of Torture	9 919	16 975	17 038	9 856
United Nations Voluntary Fund for Indigenous Populations	597	952	593	956
Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights	17 920	40 056	44 539	13 437
Trust Fund for Disaster Relief	221 673	733 317	692 654	262 336[b]
Trust Fund for Disaster Reduction	13 465	65 219	61 812	16 872
Sasakawa Disaster Prevention Award Endowment Fund	2 243	37	215	2 065[c]
United Nations Trust Fund on Contemporary Forms of Slavery	1 050	1 177	1 432	795
Trust Fund for the Human Rights Education Programme in Cambodia	1 202	1 688	2 078	812
Trust Fund for Support to the Activities of the Centre for Human Rights	83 807	184 000	201 760	66 047
Voluntary Trust Fund for Assistance in Mine Action	71 484	113 090	125 671	58 903
Central Emergency Response Fund	248 556	922 559	999 908	171 207
Trust Fund for Tsunami Disaster Relief	4 353	81	3 849	585
Trust Fund for Human Security	104 907	21 392	50 896	75 403
Voluntary Trust Fund for Participation in the Universal Periodic Review	1 579	935	338	2 176
Voluntary Fund for Financial and Technical Assistance for the Implementation of the Universal Periodic Review	967	2 016	1 169	1 814
Voluntary Technical Assistance Trust Fund to Support the Participation of Least Developed Countries and Small Island Developing States in the Work of the Human Rights Council	–	496	–	496
Subtotal — Human rights and humanitarian affairs	**809 993**	**2 233 590**	**2 344 699**	**698 884**
Public information				
Trust Fund for Economic and Social Information	527	1 484	1 023	988
Trust Fund for Public Awareness on Disarmament Issues	1 105	32	46	1 091[d]
Development Forum Trust Fund	2 784	1 943	2 363	2 364
Trust Fund for Expanding Public Information Activities in Japan	79	273	319	33
Trust Fund for Information Support for African Economic Recovery and Development	10	7	–	17

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for Jointly-Financed Information Projects	284	3	44	243
United Nations Trust Fund for Education and Communication	111	2	–	113
United Nations Trust Fund for Government Contributions to United Nations Information Centres	1 218	1 956	1 523	1 651
Subtotal — Public information	**6 118**	**5 700**	**5 318**	**6 500**
Common support and miscellaneous				
Trust Fund for Assistance in the Training of United Nations Staff in the French Language	19	–	–	19
Meditation Room Gifts from New York City	16	–	–	16
Trust Fund for Sculpture in Memory of Dag Hammarskjöld, Grant by the Blaustein Foundation	21	–	–	21
Trust Fund for German Language Translation	640	3 159	3 377	422
Library Endowment Fund	2 384	571	232	2 723[c]
Personal and Real Property Willed to the United Nations	2 562	415	1 824	1 153
Hamish Brown Fellowship Fund	3	–	–	3
The Special (Ralph Bunche) Account for the Secretary-General for Purposes Related to Peace and Security	296	–	292	4
Trust Fund for the Gilberto Amado Memorial Lecture (Geneva)	2	8	8	2
Trust Fund for the Restoration and Maintenance of the Peace Bell	37	–	–	37
Trust Fund for Staff Health Promotion	37	–	36	1
Trust Fund for the Assistance with Field Mission Transport Management	57	1	–	58
Trust Fund to Promote Information to United Nations Staff about the Work of the Organization	66	5	32	39
Trust Fund for the Special Projects of the Secretary-General	417	11 942	1 393	10 966
Trust Fund for United Nations Reform	120	6	–	126
Trust Fund for Security of Staff Members of the United Nations System	1 536	55	610	981
Trust Fund for the Millennium Assembly and the Millennium Summit of the United Nations	346	6 528	3 973	2 901
United Nations Trust Fund for Enhancing Professional Capacity in Internal Oversight Functions	45	–	37	8
Trust Fund to Support Management and Reform Activities	25	65	89	1
Trust Fund to Support Programmes on HIV/AIDS and Peacekeeping	60	1	–	61
Trust Fund for the International Year of Sport and Physical Education 2005	23	1	–	24
Trust Fund for Sports for Development and Peace	1 266	2 639	2 433	1 472
Trust Fund for United Nations Office at Geneva Local Support Services	115	4 173	3 796	492
Trust Fund for Support of Joint Inspection Unit Activities	4	2	6	–
Trust Fund for Climate Change Support	1 236	7 344	2 831	5 749

Schedule 7.1
Schedule of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for the Implementation of High-level Committee on Management Plan of Action for the Harmonization of Business Practices in the United Nations System	8 933	381	3 758	5 556
Trust Fund to Support Global Impact and Vulnerability Alert System	934	5 889	3 332	3 491
Trust Fund for United Nations Staff Legal Assistance	23	7	25	5
Trust Fund in Support of the Office of the President of the General Assembly	53	483	365	171
Trust Fund for the Centre of Excellence for the United Nations Spatial Data Infrastructure	–	382	134	248
Subtotal — Common support and miscellaneous	**21 276**	**44 057**	**28 583**	**36 750**
United Nations Office for Partnerships				
United Nations Fund for International Partnerships	9 382	104 082	112 259	1 205
Trust Fund for Partnerships	1 011	533	163	1 381
Subtotal — United Nations Office for Partnerships	**10 393**	**104 615**	**112 422**	**2 586**
Total (statement VII)	**1 137 965**	**2 697 763**	**2 747 704**	**1 088 024**

[a] Represents:

Expenditure	2 649 990
Expenditure elimination	65 105
Prior periods' adjustments	7 483
Transfers to (from) other funds	615
Transfers to (from) other organizations	431
Refunds to donors	24 037
Other adjustments to reserve and fund balances	43
Total	**2 747 704**

[b] Includes UNDP Multi-Partner Trust Fund contributions earmarked for the Common Humanitarian Fund for Somalia.

[c] Includes permanent endowment of $2,000,000.

[d] Includes permanent endowment of $1,000,000.

[e] Includes permanent endowment of $1,446,000.

United Nations Tax Equalization Fund[a]

VIII. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	United States of America	*Other Member States*	*Total 2013*	*Total 2011*
Income				
Staff assessment receipts from:				
United Nations regular budget[b]	111 614	395 725	507 339	562 680
Peacekeeping operations	93 259	242 696	335 955	410 868
International tribunals	11 472	34 666	46 138	64 780
Total income	**216 345**	**673 087**	**889 432**	**1 038 328**
Expenditure				
Estimated reimbursements to staff members subject to United States income taxes for tax years 2012 and 2013				
Federal income taxes	119 270	–	119 270	118 122
State income taxes	32 289	–	32 289	32 906
City income taxes	9 555	–	9 555	9 599
Social Security taxes	24 321	–	24 321	24 173
Reimbursements and adjustments relating to prior tax years	4 229	–	4 229	9 279
Subtotal	**189 664**	**–**	**189 664**	**194 079**
Credits given to other Member States for:[c]				
United Nations regular budget	–	325 911	325 911	417 967
Peacekeeping operations	–	291 359	291 359	300 259
International tribunals	–	49 582	49 582	48 508
Subtotal	**–**	**666 852**	**666 852**	**766 734**
Staff costs and others	2 311	–	2 311	2 176
Total expenditure	**191 975**	**666 852**	**858 827**	**962 989**
Excess (shortfall) of income over expenditure	**24 370**	**6 235**	**30 605**	**75 339**
Prior-period adjustments		–	–	(6)
Net excess (shortfall) of income over expenditure	**24 370**	**6 235**	**30 605**	**75 333**

United Nations Tax Equalization Fund[a]

VIII. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	United States of America	*Other Member States*	*Total 2013*	*Total 2011*
Cancellation of prior-period obligations	95	–	95	–
Other adjustments to reserves and fund balances	(24 465)[d]	–	(24 465)	(55 033)
Reserves and fund balances, beginning of period	–	30 223	30 223	9 923
Reserves and fund balances, end of period	–[e]	**36 458**	**36 458**	**30 223**

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	United States of America	*Other Member States*	*Total 2013*	*Total 2011*
Assets				
Outstanding estimated tax advances	77 475	–	77 475	71 885
Inter-fund balances receivable	76 207	36 458	112 665	192 916
Other accounts receivable	14 481	–	14 481	14 124
Deferred charges	48	–	48	18
Total assets	**168 211**	**36 458**	**204 669**	**278 943**
Liabilities				
Unliquidated obligations — current period	94 432	–	94 432	94 756
Accounts payable to Member States	52 027	–	52 027	134 043
Other accounts payable	21 752	–	21 752	19 921
Total liabilities	**168 211**	**–**	**168 211**	**248 720**
Reserves and fund balances				
Cumulative surplus	–	36 458	36 458	30 223
Total reserves and fund balances	**–**	**36 458**	**36 458**	**30 223**
Total liabilities and reserves and fund balances	**168 211**	**36 458**	**204 669**	**278 943**

(Footnotes on following page)

(Footnotes to statement VIII)

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[a] See note 8.

[b] The actual revenue from staff assessment under section 37 of the United Nations regular budget amounted to $503,357,000. Credits derived from revenue-producing activities of $3,982,000 increased total income to $507,339,000.

[c] Represents credits which are applied against assessments of those Member States who do not levy taxes on the United Nations income of their nationals (see note 8 (a)).

[d] Includes transfer of surplus for the biennium 2012-2013 to "Accounts payable to Member States".

[e] Cumulative surplus for the United States of America at the end of the biennium 2012-2013 amounting to $52,027,000 is shown as "Accounts payable to Member States" (see note 8 (b)).

The accompanying notes are an integral part of the financial statements.

United Nations capital master plan[a]

IX. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Working Capital Reserve for the Capital Master Plan	*Capital master plan*	*Associated costs*	*Secondary Data Centre*	*Security enhancements*	*Eliminations*[b]	*Total 2013*	*Total 2011*
Income								
Assessed contributions	–	–	–	–	–	–	–	681 928
Voluntary contributions[c]	–	4 397	–	–	–	–	4 397	109 989
Allocations from other funds	–	–	45 404[d]	909[e]	–	(45 950)	363	2 196
Interest income[f]	–	7 572	–	–	–	–	7 572	34 100
Other/miscellaneous income	–	4 186	–	–	–	–	4 186	136
Total income	–	**16 155**	**45 404**	**909**	–	**(45 950)**	**16 518**	**828 349**
Total expenditure (schedule 9.1)	–	**470 371**	**48 665**	**1 162**	**16 522**	–	**536 720**	**858 071**
Excess (shortfall) of income over expenditure	–	**(454 216)**	**(3 261)**	**(253)**	**(16 522)**	**(45 950)**	**(520 202)**	**(29 722)**
Prior-period adjustments	–	(1 736)	–	–	–	–	(1 736)	–
Net excess (shortfall) of income over expenditure	–	**(455 952)**	**(3 261)**	**(253)**	**(16 522)**	**(45 950)**	**(521 938)**	**(29 722)**
Cancellation of prior-period obligations	–	102 793	3 261	253	–	–	106 307	19 736
Transfer to other funds[g]	–	(45 950)	–	–	–	45 950	–	–
Transfer to construction in progress[h]	–	300 101	4 557	–	16 522	–	321 180	640 478
Transfer to capital assets[i]	–	(684 196)	(1 902)	–	–	–	(686 098)	(183 194)
Reserves and fund balances, beginning of period	45 000	1 434 218	1 677	–	99 711	–	1 580 606	1 133 308
Reserves and fund balances, end of period	**45 000**	**651 014**	**4 332**	–	**99 711**	–	**800 057**	**1 580 606**

United Nations capital master plan[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Working Capital Reserve for the Capital Master Plan	*Capital master plan*	*Associated costs*	*Secondary Data Centre*	*Security enhancements*	*Eliminations*[b]	*Total 2013*	*Total 2011*
Assets								
Cash and term deposits	–	49	–	–	–	–	49	49
Cash pool[c]	–	252 284	–	–	–	–	252 284	911 622
Assessed contributions receivable from Member States[d]	6	1 596	–	–	–	–	1 602	86 748
Voluntary contributions receivable	–	–	–	–	–	–	–	3 000
Inter-fund balances receivable	44 994	–	19 481	95	33 610	–	98 180	187 170
Other accounts receivable	–	203	17	–	–	–	220	77
Deferred charges	–	1 172	8	–	–	–	1 180	126 156
Construction in progress (schedule 9.1)	–	770 738	4 332	–	83 850	–	858 920	1 223 838
Total assets	**45 000**	**1 026 042**	**23 838**	**95**	**117 460**	**–**	**1 212 435**	**2 538 660**
Liabilities								
Contributions or payments received in advance	–	62	–	–	–	–	62	23
Unliquidated obligations — prior periods	–	110 089	2 484	95	10 784	–	123 452	154 106
Unliquidated obligations — current period	–	138 212	15 045	–	6 965	–	160 222	440 476
Unliquidated obligations — future periods	–	1 126	–	–	–	–	1 126	126 076
Inter-fund balances payable	–	99 784	–	–	–	–	99 784	186 194
Other accounts payable	–	25 755	1 977	–	–	–	27 732	51 179
Total liabilities	**–**	**375 028**	**19 506**	**95**	**17 749**	**–**	**412 378**	**958 054**
Reserves and fund balances								
Working capital fund	45 000	–	–	–	–	–	45 000	45 000
Cumulative surplus	–	651 014	4 332	–	99 711	–	755 057	1 535 606
Total reserves and fund balances	**45 000**	**651 014**	**4 332**	**–**	**99 711**	**–**	**800 057**	**1 580 606**
Total liabilities and reserves and fund balances	**45 000**	**1 026 042**	**23 838**	**95**	**117 460**	**–**	**1 212 435**	**2 538 660**

(Footnotes on following page)

(Footnotes to statement IX)

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[a] See note 9.

[b] Upon combination of the columns, transactions between the columns are eliminated in order to make for a fair presentation of the "Total" column.

[c] Represents donations received to be utilized in accordance with General Assembly resolutions 63/270, 64/228 and 65/269.

[d] In accordance with General Assembly resolution 64/228, "Associated costs" are financed from within the approved budget of the capital master plan.

[e] In accordance with General Assembly resolution 64/228, costs for the "Secondary Data Centre" are financed from within the approved budget of the capital master plan.

[f] Includes interest on funds of the "Working Capital Reserve for the Capital Master Plan".

[g] Represents transfer from the capital master plan to finance associated costs and Secondary Data Centre, in accordance with General Assembly resolution 64/228.

[h] Capital expenditures incurred, net of cancellation of prior-period obligations and prior-period adjustments, are transferred to the construction in progress account in the statement of assets, liabilities and reserves and fund balances.

[i] Upon completion of discrete phases or projects, transfers are made from construction in progress to capital assets. Capital assets are shown in statement X.

[j] Represents share of the United Nations Main cash pool and comprises cash and term deposits of $52,729,105, short-term investments of $100,541,601, long-term investments of $98,667,923 and accrued interest receivable of $345,703.

[k] Includes contributions unpaid irrespective of collectability.

The accompanying notes are an integral part of the financial statements.

United Nations capital master plan[a]

Schedule 9.1
Schedule of construction in progress expenditures for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Total prior periods' expenditure	*Expenditure and adjustments during 2012-2013*	*Cumulative expenditure up to 31 December 2013*
Part I. Capital master plan			
Staff and other personnel costs	30 540	9 773	40 313
Travel	174	105	279
Contractual services	256 712	37 645	294 357
Operating expenses	161 863	54 424	216 287
Acquisitions	1 180 877	368 424	1 549 301
Total expenditure	**1 630 166**	**470 371**	**2 100 537**
Cancellation of prior-period obligations	(24 757)	(102 794)	(127 551)
Costs expensed — see note 9 (b)	(270 912)	(67 476)	(338 388)
Transfer to construction in progress	1 334 497	300 101	1 634 598
Transfer to capital assets[b]	(179 664)	(684 196)	(863 860)
Total construction in progress	**1 154 833**	**(384 095)**	**770 738**[c]
Part II. Associated costs			
Staff and other personnel costs	23 888	10 173	34 061
Contractual services	5 862	7 805	13 667
Operating expenses	5 696	4 178	9 874
Acquisitions	58 842	26 509	85 351
Total expenditure	**94 288**	**48 665**	**142 953**
Cancellation of prior-period obligations	(9)	(3 261)	(3 270)
Costs expensed — see note 9 (b)	(89 072)	(40 847)	(129 919)
Transfer to construction in progress	5 207	4 557	9 764
Transfer to capital assets[b]	(3 530)	(1 902)	(5 432)
Total construction in progress	**1 677**	**2 655**	**4 332**[c]
Part III. Secondary Data Centre			
Travel	93	–	93
Contractual services	2 900	141	3 041
Operating expenses	5 477	551	6 028
Acquisitions	10 114	470	10 584
Total expenditure	**18 584**	**1 162**	**19 746**

Schedule 9.1
Schedule of construction in progress expenditures for the biennium ended 31 December 2013 (continued)

	Total prior periods' expenditure	*Expenditure and adjustments during 2012-2013*	*Cumulative expenditure up to 31 December 2013*
Cancellation of prior-period obligations	(4)	(253)	(257)
Costs expensed — see note 9 (b)	(17 424)	(909)	(18 333)
Transfer to construction in progress	1 156	–	1 156
Transfer to capital assets[b]	(1 156)	–	(1 156)
Total construction in progress	**–**	**–**	**–**
Part IV. Security enhancements			
Staff and other personnel costs	289	–	289
Contractual services	10 277	3 574	13 851
Acquisitions	57 051	12 948	69 999
Total expenditure	**67 617**	**16 522**	**84 139**
Costs expensed — see note 9 (b)	(289)	–	(289)
Transfer to construction in progress	67 328	16 522	83 850
Total construction in progress	**67 328**	**16 522**	**83 850**[c]

[a] See note 9.

[b] Capital assets are shown in statement X.

[c] Represents construction in progress as of 31 December 2013.

The accompanying notes are an integral part of the financial statements.

United Nations capital assets and construction in progress[a]

X. Statement of income and expenditure and changes in reserves and fund balances for the biennium 2012-2013 ended 31 December 2013

(Thousands of United States dollars)

		Construction in progress			
	Capital Assets Fund	*Security measures*	*Other construction*[b]	*Total 2013*	*Total 2011*
Income					
Allocations from other funds	–	–	1 410	1 410	750
Interest income	–	–	224	224	1 026
Other/miscellaneous income	–	–	–	–	8 028
Total income	–	–	**1 634**	**1 634**	**9 804**
Total expenditure (schedule 10.1)	–	**2 544**	**4 380**	**6 924**	**28 013**
Excess (shortfall) of income over expenditure	–	**(2 544)**	**(2 746)**	**(5 290)**	**(18 209)**
Prior-period adjustments	–	(23)	–	(23)	(10)
Net excess (shortfall) of income over expenditure	–	**(2 567)**	**(2 746)**	**(5 313)**	**(18 219)**
Cancellation of prior-period obligations	–	380	158	538	3 338
Transfer to construction in progress[c]	–	1 439	4 047	5 486	24 244
Transfer from construction in progress	–	(2 087)	(1 346)	(3 433)	(27 222)
Transfer to capital assets[d]	689 532	–	–	689 532	210 416
Reserves and fund balances, beginning of period	743 060	20 677	20 898	784 635	592 078
Reserves and fund balances, end of period	**1 432 592**	**17 842**	**21 011**	**1 471 445**	**784 635**

United Nations capital assets and construction in progress[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Capital Assets Fund	*Construction in progress*		*Total 2013*	*Total 2011*
		Security measures	*Other construction*[b]		
Assets					
Cash and term deposits	–	–	44	44	48
Cash pool[c]	–	–	12 367	12 367	32 413
Inter-fund balances receivable	–	6 212	–	6 212	8 427
Other accounts receivable	–	–	155	155	609
Deferred charges	–	–	–	–	909
Land and buildings	1 432 592	–	–	1 432 592	743 060
Construction in progress (Schedule 10.1)	–	12 887	11 815	24 702	22 649
Total assets	**1 432 592**	**19 099**	**24 381**	**1 476 072**	**808 115**
Liabilities					
Unliquidated obligations — prior periods	–	26	280	306	618
Unliquidated obligations — current period	–	923	2 281	3 204	5 878
Unliquidated obligations — future periods	–	–	–	–	909
Inter-fund balances payable	–	–	809	809	15 834
Other accounts payable	–	308	–	308	241
Total liabilities	**–**	**1 257**	**3 370**	**4 627**	**23 480**
Reserves and fund balances					
Donated funds	20 222	–	–	20 222	20 222
Regular budget appropriations	1 412 370	–	–	1 412 370	722 838
Cumulative surplus	–	17 842	21 011	38 853	41 575
Total reserves and fund balances	**1 432 592**	**17 842**	**21 011**	**1 471 445**	**784 635**
Total liabilities and reserves and fund balances	**1 432 592**	**19 099**	**24 381**	**1 476 072**	**808 115**

(Footnotes on following page)

(Footnotes to statement X)

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[a] See note 10.

[b] Comprises construction projects at the Economic Commission for Africa and the United Nations Office at Nairobi.

[c] Capital expenditures incurred, net of cancellation of prior-period obligations and prior-period adjustments, are transferred to the construction in progress account in the statement of assets, liabilities and reserves and fund balances.

[d] Represents transfers of completed projects to Capital assets from Security measures — $2,087,000, Other construction — $1,347,000, Capital Master Plan — $684,196,000 and Capital master plan associated costs — $1,902,000. The capital master plan is presented in statement IX.

[e] Represents share of the United Nations main cash pool and comprises cash and term deposits of $2,584,795, short-term investments of $4,928,577, long-term investments of $4,836,729 and accrued interest receivable of $16,946.

The accompanying notes are an integral part of the financial statements.

United Nations construction in progress[a]

Schedule 10.1
Schedule of construction in progress expenditures for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Total prior periods' expenditure	*Expenditure and adjustments during 2012-2013*	*Cumulative expenditure up to 31 December 2013*
Part I. Security measures			
Travel	13	–	13
Operating expenses	930	3	933
Acquisitions	111 347	2 541	113 888
Other	6 626	–	6 626
Total expenditure	**118 916**	**2 544**[b]	**121 460**
Cancellation of prior-period obligations	(5 911)	(380)	(6 291)
Costs expensed	(4 087)	(725)	(4 812)
Transfer to construction in progress	108 918	1 439[c]	110 357
Transfer to capital assets	(95 383)	(2 087)	(97 470)
Total construction in progress	**13 535**	**(648)**	**12 887**[d]
Part II. Other construction			
Staff and other personnel costs	2 240	73	2 313
Travel	120	23	143
Contractual services	1 635	–	1 635
Operating expenses	139	41	180
Acquisitions	31 137	4 243	35 380
Other	163	–	163
Total expenditure	**35 434**	**4 380**[e]	**39 814**
Cancellation of prior-period obligations	(61)	(158)	(219)
Costs expensed	(829)	(175)	(1 004)
Transfer to construction in progress	34 544	4 047[c]	38 591
Transfer to capital assets	(25 430)	(1 346)	(26 776)
Total construction in progress	**9 114**	**2 701**	**11 815**[d]

[a] See note 10.

[b] Comprises expenditure during the biennium 2012-2013 for United Nations Headquarters — $290,631; United Nations Office at Geneva — $1,990,189; United Nations Office at Vienna — $160,966; Economic Commission for Latin America and the Caribbean — $99,565; Economic and Social Commission for Asia and the Pacific — $2,499.

[c] Represents transfers to construction in progress during the biennium 2012-2013.

[d] Represents construction in progress as of 31 December 2013.

[e] Comprises expenditure during the biennium 2012-2013 for United Nations Office at Nairobi — $1,346,367; Economic Commission for Latin America and the Caribbean — $175,000; and Economic Commission for Africa — $2,858,971.

The accompanying notes are an integral part of the financial statements.

United Nations end-of-service and post-retirement benefits[a]

XI. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	After-service health insurance			*Repatriation benefits*			*Unused vacation days*				
	Regular budget	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Total 2013*	*Total 2011*
Income											
Accruals for repatriation benefits[b]	–	–	–	–	15 395	15 395	–	–	–	15 395	13 364
Other/miscellaneous income	–	–	–	–	2 533	2 533	–	–	–	2 533	286
Total Income	–	–	–	–	**17 928**	**17 928**	–	–	–	**17 928**	**13 650**
Expenditure											
Repatriation benefits payments[c]	–	–	–	–	3 166	3 166	–	–	–	3 166	2 983
Total expenditure	–	–	–	–	**3 166**	**3 166**	–	–	–	**3 166**	**2 983**
Excess (shortfall) of income over expenditure	–	–	–	–	**14 762**	**14 762**	–	–	–	**14 762**	**10 667**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits[d]	(248 734)	(57 976)	(306 710)	(29 765)	(17 655)	(47 420)	(16 143)	(7 265)	(23 408)	(377 538)	(1 038 112)
Prior-period adjustments	–	–	–	–	–	–	–	–	–	–	–
Net excess (shortfall) of income over expenditure	**(248 734)**	**(57 976)**	**(306 710)**	**(29 765)**	**(2 893)**	**(32 658)**	**(16 143)**	**(7 265)**	**(23 408)**	**(362 776)**	**(1 027 445)**
Reserves and fund balances, beginning of period	(2 597 638)	(317 024)	(2 914 662)	(163 538)	7 228	(156 310)	(86 336)	(16 426)	(102 762)	(3 173 734)	(2 146 289)
Reserves and fund balances, end of period	**(2 846 372)**	**(375 000)**	**(3 221 372)**	**(193 303)**	**4 335**	**(188 968)**	**(102 479)**	**(23 691)**	**(126 170)**	**(3 536 510)**	**(3 173 734)**

United Nations End-of-service and post-retirement benefits[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

	After-service health insurance			*Repatriation benefits*			*Unused vacation days*				
	Regular budget	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Total 2013*	*Total 2011*
Assets											
Inter-fund balances receivable	1 643	–	1 643	–	54 066	54 066	–	–	–	55 709	41 079
Deferred expenditures	–	–	–	–	35	35	–	–	–	35	–
Total assets	**1 643**	**–**	**1 643**	**–**	**54 101**	**54 101**	**–**	**–**	**–**	**55 744**	**41 079**
Liabilities											
Other accounts payable	–	–	–	–	2 382	2 382	–	–	–	2 382	2 479
End-of-service and post-retirement liabilities[e]	2 848 015	375 000	3 223 015	193 303	47 384	240 687	102 479	23 691	126 170	3 589 872	3 212 334
Total liabilities	**2 848 015**	**375 000**	**3 223 015**	**193 303**	**49 766**	**243 069**	**102 479**	**23 691**	**126 170**	**3 592 254**	**3 214 813**
Reserves and fund balances											
Cumulative surplus (deficit)	(2 846 372)	(375 000)	(3 221 372)	(193 303)	4 335	(188 968)	(102 479)	(23 691)	(126 170)	(3 536 510)	(3 173 734)
Total reserves and fund balances	**(2 846 372)**	**(375 000)**	**(3 221 372)**	**(193 303)**	**4 335**	**(188 968)**	**(102 479)**	**(23 691)**	**(126 170)**	**(3 536 510)**	**(3 173 734)**
Total liabilities and reserves and fund balances	**1 643**	**–**	**1 643**	**–**	**54 101**	**54 101**	**–**	**–**	**–**	**55 744**	**41 079**

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[a] See note 11.

[b] Represents accruals for repatriation benefits that were charged on the basis of salary costs to non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

[c] Represents repatriation benefits in respect of staff who separated during the biennium 2012-2013 from non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

[d] Represents net (increase)/decrease in accrued liabilities during the biennium 2012-2013.

[e] Represents accrued liabilities as of 31 December 2013 excluding those peacekeeping operations, which are shown in Volume II of the financial statements for peacekeeping operations. See note 11.

The accompanying notes are an integral part of the financial statements.

Other United Nations special funds[a]

XII. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special multi-year account for supplementary development activities*[f]	*United Nations activities related to Storm Sandy*[g]	*Conferences and conventions*[h]	*United Nations System Staff College*[i]	*Others*[j]	*Eliminations*[k]	*Total 2013*	*Total 2011*[l]
Income												
Assessed contributions	–	–	–	–	–	–	10 311	–	–		10 311	10 154
Voluntary contributions	–	–	–	–	–	–	13 528	3 553	275		17 356	12 739
Funds received under inter-organization arrangements	–	–	–	229 636	–	–	–	699	–		230 335	225 646
Allocations from other funds	221	–	220 806	128 036	29 243	–	–	301	–		378 607	420 387
Income from services rendered	–	328 920	21 134	–	–	–	–	9 984	–	(1 037)	359 001	343 903
Insurance rebates	12 573	–	–	–	–	–	–	–	–		12 573	4 010
Interest income	11 191	3 582	–	15	–	–	–	188	142		15 118	25 685
Contributions from staff and the United Nations	906 886	–	–	–	–	–	–	–	–		906 886	781 031
Other/miscellaneous income	9 223	5 047	2 103	396	14	64 169	2	55	1 528		82 537	19 625
Total income	**940 094**	**337 549**	**244 043**	**358 083**	**29 257**	**64 169**	**23 841**	**14 780**	**1 945**	**(1 037)**	**2 012 724**	**1 843 180**
Expenditure												
Staff and other personnel costs	24 694	225 882	44 374	287 510	9 632	4	7 309	12 407	350	–	612 162	547 064
Travel	3	6 306	1 348	8 927	2 981	–	8 135	1 302	29	–	29 031	30 977
Contractual services	39 904	11 742	77 947	20 600	2 697	2 451	1 282	653	–	–	157 276	130 308
Operating expenses	919	30 583	145 475	18 942	325	11 712	325	1 181	1 319	–	210 781	195 289
Acquisitions	2	6 469	19 199	7 616	298	26 751	14	185	64	–	60 598	43 601
Other	–	47 202	–	13 329	8 015	–	48	–	275	–	68 869	73 741
Claim reimbursements	822 693	–	–	–	–	–	–	–	–	–	822 693	716 326
Programme support costs	–	–	–	–	–	–	1 037	–	–	(1 037)	–	–
Total expenditure	**888 215**	**328 184**	**288 343**	**356 924**	**23 948**	**40 918**	**18 150**	**15 728**	**2 037**	**(1 037)**	**1 961 410**	**1 737 306**
Excess (shortfall) of income over expenditure	**51 879**	**9 365**	**(44 300)**	**1 159**	**5 309**	**23 251**	**5 691**	**(948)**	**(92)**	–	**51 314**	**105 874**

Other United Nations special funds[a]

XII. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special Multi-year account for supplementary development activities*[f]	*United Nations activities related to Storm Sandy*[g]	*Conferences and conventions*[h]	*United Nations System Staff College*[i]	*Others*[j]	*Eliminations*[k]	*Total 2013*	*Total 2011*
Prior-period adjustments	(3 123)	(344)	(30)	(9)	8	–	(3 533)	(8)	–	–	(7 039)	1 034
Net excess (shortfall) of income over expenditure	**48 756**	**9 021**	**(44 330)**	**1 150**	**5 317**	**23 251**	**2 158**	**(956)**	**(92)**	–	**44 275**	**106 908**
Cancellation of prior-period obligations	94	–	560	795	1 777	–	222	172	12	–	3 632	6 251
Transfer (to) from other funds	–	2 177	–	–	–	–	(136)	–	–	–	2 041	2 067
Transfer (to) from other organizations	–	–	–	–	–	–	–	–	–	–	–	(38)
Refunds to donors	–	(12)	–	–	–	–	(2 520)	(134)	–	–	(2 666)	(3 035)
Other adjustments to reserves and fund balances	632	–	–	(1 280)	–	–	–	–	–	–	(648)	(3 136)
Reserves and fund balances, beginning of period	507 917	275 119	101 762	2 169	39 312	–	9 704	13 614	60 486	–	1 010 083	901 066
Reserves and fund balances, end of period	**557 399**	**286 305**	**57 992**	**2 834**	**46 406**	**23 251**	**9 428**	**12 696**	**60 406**	–	**1 056 717**	**1 010 083**

United Nations Other special funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	United Nations funds held in trust[b]	United Nations special accounts for administrative cost recoveries[c]	Common support services[d]	United Nations jointly financed activities[e]	Special Multi-year account for supplementary development activities[f]	United Nations activities related to Storm Sandy[g]	Conferences and conventions[h]	United Nations System Staff College[i]	Others[j]	Eliminations[k]	Total 2013	Total 2011
Assets												
Cash and term deposits	17 187	367	–	–	–	–	–	822	45	–	18 421	29 915
Short-term investments	52 366	–	–	–	–	–	–	–	–	–	52 366	7 412
Long-term investments	53 800	–	–	–	–	–	–	–	–	–	53 800	83 437
Cash pools[m]	400 749	280 310	–	–	–	–	–	12 729	10 760	–	704 548	661 422
Assessed contributions receivable from Member States	–	–	–	–	–	–	2 460	–	6 091	–	8 551	9 624
Inter-fund balances receivable	46 974	23 158	77 359	–	51 075	16 909	11 975	–	258	–	227 708	237 405
Other accounts receivable	12 472	11 377	3 564	15 942	333	23 175	18	398	44 134	–	111 413	87 591
Deferred charges	–	4 978	254 580	1 813	174	3 247	–	–	–	–	264 792	260 023
Total assets	**583 548**	**320 190**	**335 503**	**17 755**	**51 582**	**43 331**	**14 453**	**13 949**	**61 288**	–	**1 441 599**	**1 376 829**
Liabilities												
Contributions or payments received in advance	–	–	–	–	–	–	2 702	–	–	–	2 702	2 197
Unliquidated obligations — prior period	–	–	367	–	–	–	–	–	–	–	367	–
Unliquidated obligations — current period	1	9 213	11 027	5 420	4 363	12 686	654	248	866	–	44 478	45 094
Unliquidated obligations — future periods	–	3 487	254 191	1 257	174	3 247	–	–	–	–	262 356	258 940
Inter-fund balances payable	16 268	16 585	–	4 830	–	–	322	44	15	–	38 064	36 776
Other accounts payable	9 880	3 973	11 926	3 333	639	4 147	1 347	505	–	–	35 750	21 454
Deferred income	–	627	–	–	–	–	–	–	–	–	627	438
Other liabilities	–	–	–	81	–	–	–	456	1	–	538	1 847
Total liabilities	**26 149**	**33 885**	**277 511**	**14 921**	**5 176**	**20 080**	**5 025**	**1 253**	**882**	–	**384 882**	**366 746**

Other United Nations special funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 (continued)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special Multi-year account for supplementary development activities*[f]	*United Nations activities related to Storm Sandy*[g]	*Conferences and conventions*[h]	*United Nations System Staff College*[i]	*Others*[j]	*Eliminations*[k]	*Total 2013*	*Total 2011*
Reserves and fund balances												
Operating reserves	103 061	26 522	6 635	–	–	–	–	1 197	649	–	138 064	125 257
Cumulative surplus (deficit)	454 338	259 783	51 357	2 834	46 406	23 251	9 428	11 499	59 757	–	918 653	884 826
Total reserves and fund balances	**557 399**	**286 305**	**57 992**	**2 834**	**46 406**	**23 251**	**9 428**	**12 696**	**60 406**	–	**1 056 717**	**1 010 083**
Total liabilities and reserves and fund balances	**583 548**	**320 190**	**335 503**	**17 755**	**51 582**	**43 331**	**14 453**	**13 949**	**61 288**	–	**1 441 599**	**1 376 829**

[a] See note 12.

[b] Refer to schedule 12.1.

[c] Refer to schedule 12.2.

[d] Refer to schedule 12.3.

[e] Refer to schedule 12.4.

[f] Refer to note 12.5.

[g] Refer to note 12.6.

[h] Refer to schedule 12.5.

[i] Refer to schedule 12.8.

[j] Refer to schedule 12.6.

[k] Upon combination of the columns, transactions between the columns are eliminated, in order to make for a fair presentation of the "Total" column.

[l] Comparative figures have been reclassified to conform to current presentation.

[m] Represents share of the United Nations main cash pool and the euro cash pool and comprises cash and term deposits of $148,482,564, short-term investments of $280,093,274, long-term investments of $274,972,392 and accrued interest receivable of $999,349.

The accompanying notes are an integral part of the financial statements.

United Nations funds held in trust[a]

Schedule 12.1
Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Blue Cross, Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Total 2013*	*Total 2011*[i]
Income									
Contributions from staff and the Organization	650 102	3 629	–	51 904	17 815	–	183 436	906 886	781 031
Insurance rebates	7 007	5 566	–	–	–	–	–	12 573	4 010
Allocations from other funds	–	–	–	–	–	221	–	221	368
Interest income	2 507	306	24	976	1 391	96	5 891	11 191	16 097
Other/miscellaneous income	–	–	–	–	2 599[c]	–	6 624[d]	9 223	10 183
Total income	**659 616**	**9 501**	**24**	**52 880**	**21 805**	**317**	**195 951**	**940 094**	**811 689**
Expenditure									
Staff and other personnel costs	9 562	–	–	6	8 864	–	6 262	24 694	23 316
Travel	–	–	–	–	–	–	3	3	20
Contractual services	33 195	–	–	6 583	–	–	126	39 904	39 976
Operating expenses	31	5	2	809	14	3	55	919	470
Acquisitions	–	–	–	–	–	–	2	2	506
Claim reimbursements	588 590	–	–	51 066	7 013	254	175 770	822 693	716 326
Total expenditure	**631 378**	**5**	**2**	**58 464**	**15 891**	**257**	**182 218**	**888 215**	**780 614**
Excess (shortfall) of income over expenditure	**28 238**	**9 496**	**22**	**(5 584)**	**5 914**	**60**	**13 733**	**51 879**	**31 075**
Prior-period adjustments	(488)	(650)[e]	–	(1 968)[f]	(1)	–	(16)	(3 123)	1 899
Net excess (shortfall) of income over expenditure	**27 750**	**8 846**	**22**	**(7 552)**	**5 913**	**60**	**13 717**	**48 756**	**32 974**
Cancellation of prior-period obligations	–	–	–	–	–	–	94	94	453
Other adjustments to reserves and fund balances	511[g]	121[h]	–	–	–	–	–	632	(2 421)
Reserves and fund balances, beginning of period	170 289	25 766	1 739	78 765	96 372	7 418	127 568	507 917	476 911
Reserves and fund balances, end of period	**198 550**	**34 733**	**1 761**	**71 213**	**102 285**	**7 478**	**141 379**	**557 399**	**507 917**

Schedule 12.1
Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Blue Cross, Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Total 2013*	*Total 2011*[a]
Assets									
Cash and term deposits	188	43	32	51	37	44	16 792[c]	17 187	28 438
Short-term investments	–	–	–	–	–	–	52 366	52 366	7 412
Long-term investments	–	–	–	–	–	–	53 800	53 800	83 437
Cash pool[d]	194 762	24 496	1 729	59 568	99 573	6 930	13 691	400 749	369 994
Inter-fund balances receivable	9 201	3 629	–	12 569	18 943	504	2 128	46 974	37 137
Other accounts receivable	1 960	6 565	–	1 206	–	–	2 741	12 472	17 237
Deferred charges	–	–	–	–	–	–	–	–	432
Total assets	**206 111**	**34 733**	**1 761**	**73 394**	**118 553**	**7 478**	**141 518**	**583 548**	**544 087**
Liabilities									
Unliquidated obligations — current period	–	–	–	–	–	–	1	1	298
Unliquidated obligations — future periods	–	–	–	–	–	–	–	–	432
Inter-fund balances payable	–	–	–	–	16 268	–	–	16 268	27 129
Other accounts payable	7 561	–	–	2 181	–	–	138	9 880	8 311
Total liabilities	**7 561**	**–**	**–**	**2 181**	**16 268**	**–**	**139**	**26 149**	**36 170**
Reserves and fund balances									
Operating reserves	216	6 565	–	–	–	–	96 280	103 061	90 123
Cumulative surplus (deficit)	198 334	28 168	1 761	71 213	102 285	7 478	45 099	454 338	417 794
Total reserves and fund balances	**198 550**	**34 733**	**1 761**	**71 213**	**102 285**	**7 478**	**141 379**	**557 399**	**507 917**
Total liabilities and reserves and fund balances	**206 111**	**34 733**	**1 761**	**73 394**	**118 553**	**7 478**	**141 518**	**583 548**	**544 087**

(Footnotes on following page)

(Footnotes to schedule 12.1)

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[a] See note 12.1.

[b] Excludes premiums collected and paid to the insurance carrier during the financial period because this is an insured programme.

[c] Includes MAIP proceeds of $55,000 from Roger Rich and Co. and appendix D compensation for $2,543,471.

[d] Includes gain on exchange of $6,624,028.

[e] Represents 2011 premium collections erroneously transferred to reserve.

[f] Represents adjustment to premium erroneously received through UNDP Service Clearing Account.

[g] Represents primarily adjustment to the fund balance based on the global reconciliation of the Van Breda health plan.

[h] Represents change in life insurance reserves held by Aetna from 2011-2013.

[i] Represents term deposits held in Swiss francs.

[j] Represents share of the United Nations main cash pool and the euro cash pool, and comprises cash and term deposits of $84,866,269, short-term investments of $159,088,823, long-term investments of $156,213,281 and accrued interest receivable of $579,734. See note 13.

[k] Comparative figures have been reclassified to conform to the current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations special accounts for administrative cost recoveries[a]

Schedule 12.2

Statement of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2013*	*Total 2011*[c]
Income								
Income for services rendered to:								
Technical cooperation trust funds	33 644	2 841	–	–	–	(2 841)	33 644	31 194
General trust funds[d]	611	46 618	50 464	65 094	–	(15 756)	147 031	140 492
UNEP/UN-Habitat and others by United Nations Office at Nairobi	–	50 890	44	–	–	–	50 934	48 866
Agencies, funds, programmes and others	1 186	92 596	1 424	–	2 374	(269)	97 311	90 413
Interest income	688	1 302	929	633	30	–	3 582	8 836
Other/miscellaneous income	810	2 540	302	1 380	15	–	5 047	2 904
Total income	**36 939**	**196 787**	**53 163**	**67 107**	**2 419**	**(18 866)**	**337 549**	**322 705**
Expenditure								
Staff and other personnel costs	27 720	113 325	29 896	55 944	2 093	(3 096)	225 882	193 206
Travel	1 089	3 011	850	1 344	32	(20)	6 306	7 877
Contractual services	262	8 328	1 408	1 923	70	(249)	11 742	12 495
Operating expenses	449	26 283	1 990	2 468	540	(1 147)	30 583	33 555
Acquisitions	77	6 210	83	91	11	(3)	6 469	7 928
Other[e]	10 950	19 969	19 229	11 405	–	(14 351)	47 202	52 915
Total expenditure	**40 547**	**177 126**	**53 456**	**73 175**	**2 746**	**(18 866)**	**328 184**	**307 976**
Excess (shortfall) of income over expenditure	**(3 608)**	**19 661**	**(293)**	**(6 068)**	**(327)**	–	**9 365**	**14 729**
Prior-period adjustments	(60)	(126)	(69)	(55)	(34)	–	(344)	296
Net excess (shortfall) of income over expenditure	**(3 668)**	**19 535**	**(362)**	**(6 123)**	**(361)**	–	**9 021**	**15 025**

Schedule 12.2

Statement of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2013*	*Total 2011*[c]
Transfers (to) from other funds	201[f]	–	–	–	1 976[g]	–	2 177	2 067
Transfers (to) from other organizations	–	–	–	–	–	–	–	(38)
Refunds to donors	–	(12)	–	–	–	–	(12)	(2)
Reserves and fund balances, beginning of period	54 275	97 020	72 637	50 028	1 159	–	275 119	258 067
Reserves and fund balances, end of period	**50 808**	**116 543**	**72 275**	**43 905**	**2 774**	–	**286 305**	**275 119**

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2013*	*Total 2011*[c]
Assets								
Cash and term deposits	–	367	–	–	–	–	367	497
Cash pool[a]	48 886	107 205	82 398	38 935	2 886	–	280 310	267 594
Inter-fund balances receivable	3 114	9 427	3 161	7 456	–	–	23 158	18 523
Other accounts receivable	172	10 576	220	381	28	–	11 377	5 945
Deferred charges	75	4 547	134	203	19	–	4 978	3 102
Total assets	**52 247**	**132 122**	**85 913**	**46 975**	**2 933**	–	**320 190**	**295 661**
Liabilities								
Unliquidated obligations — current periods	581	5 056	822	2 715	39	–	9 213	12 265
Unliquidated obligations — future periods	–	3 487	–	–	–	–	3 487	2 518
Inter-fund balances payable	695	3 035	12 632	172	51	–	16 585	3 153
Other accounts payable	163	3 375	183	183	69	–	3 973	2 168
Deferred income	–	626	1	–	–	–	627	438
Total liabilities	**1 439**	**15 579**	**13 638**	**3 070**	**159**	–	**33 885**	**20 542**

Schedule 12.2
Statement of assets, liabilities and reserves and fund balances as at 31 December 2013 (continued)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2013*	*Total 2012*[c]
Reserves and fund balances								
Operating reserves	4 633	12 295	3 000	6 114	480	–	26 522	26 709
Cumulative surplus (deficit)	46 175	104 248	69 275	37 791	2 294	–	259 783	248 410
Total reserves and fund balances	**50 808**	**116 543**	**72 275**	**43 905**	**2 774**	**–**	**286 305**	**275 119**
Total liabilities and reserves and fund balances	**52 247**	**132 122**	**85 913**	**46 975**	**2 933**	**–**	**320 190**	**295 661**

[a] See note 12.2.

[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make for a fair presentation of the "Total" column.

[c] Comparative figures have been reclassified to conform to current presentation.

[d] Income is calculated as a percentage of programme resources expended, except for allocations.

[e] Includes funding for the Enterprise Resource Planning system of $27,702,128 comprising $8,449,713 from the Special Account for Programme Support Costs of Extrabudgetary Technical Cooperation reimbursement resources, $19,216,893 from the Special Account for Programme Support Costs of Extrabudgetary Substantive Activities, and $35,522 from the Special Account for Programme Support Costs for the Office for the Coordination of Humanitarian Affairs.

[f] Includes transfers of residual balances upon closing of technical cooperation projects.

[g] Represents transfer from the United Nations Fund for International Partnerships.

[h] Represents share of the United Nations main cash pool and comprises cash and term deposits of $58,586,746, short-term investments of $111,710,700, long-term investments of $109,628,375, and accrued interest receivable of $384,108 (see note 13).

The accompanying notes are an integral part of the financial statements.

Common support services[a]

Schedule 12.3

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Enterprise resource planning	*Integrated Management Information System*	*Information technology and telecommunications*	*Travel services*	*Rented premises*	*Total 2013*	*Total 2011*
Income							
Allocations from other funds	102 377[b]	–	12 955	–	105 474	220 806	271 336
Income from services rendered	–	–	17 042	4 092	–	21 134	21 262
Rental and maintenance	–	–	–	–	1 971	1 971	1 529
Rebates	–	–	–	–	–	–	14
Other/miscellaneous income	–	–	–	–	132	132	2 989
Total income	**102 377**	**–**	**29 997**	**4 092**	**107 577**	**244 043**	**297 130**
Expenditure							
Staff and other personnel costs	42 110	–	2 264	–	–	44 374	24 563
Travel	1 330	–	18	–	–	1 348	985
Contractual services	70 865	–	2 973	4 109	–	77 947	52 958
Operating expenses	4 613	–	22 023	62	118 777	145 475	137 873
Acquisitions	18 347	–	132	–	720	19 199	24 646
Total expenditure	**137 265**	**–**	**27 410**	**4 171**	**119 497**	**288 343**	**241 025**
Excess (shortfall) of income over expenditure	**(34 888)**	**–**	**2 587**	**(79)**	**(11 920)**	**(44 300)**	**56 105**
Prior-period adjustments	–	–	(30)	–	–	(30)	–
Net excess (shortfall) of income over expenditure	**(34 888)**	**–**	**2 557**	**(79)**	**(11 920)**	**(44 330)**	**56 105**
Cancellation of prior-period obligations	138	–	324	10	88	560	1 321
Reserves and fund balances, beginning of period	64 286	84	12 762	1 131	23 499	101 762	44 336
Reserves and fund balances, end of period	**29 536**	**84**	**15 643**	**1 062**	**11 667**	**57 992**	**101 762**

Schedule 12.3
Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Enterprise resource planning	*Integrated Management Information System*	*Information technology and telecommunications*	*Travel services*	*Rented premises*	*Total 2013*	*Total 2011*
Assets							
Inter-fund balances receivable	47 572	84	18 894	1 562	9 247	77 359	127 768
Other accounts receivable	585	–	166	–	2 813	3 564	3 268
Deferred charges	54 980	–	2 455	2 575	194 570	254 580	255 864
Total assets	**103 137**	**84**	**21 515**	**4 137**	**206 630**	**335 503**	**386 900**
Liabilities							
Unliquidated obligations — prior period	364	–	–	3	–	367	–
Unliquidated obligations — current period	9 262	–	1 760	–	5	11 027	22 165
Unliquidated obligations — future periods	54 591	–	2 455	2 575	194 570	254 191	255 864
Other accounts payable	9 384	–	1 657	497	388	11 926	7 109
Total liabilities	**73 601**	**–**	**5 872**	**3 075**	**194 963**	**277 511**	**285 138**
Reserves and fund balances							
Operating reserves	–	–	2 000	135	4 500	6 635	6 635
Cumulative surplus	29 536	84	13 643	927	7 167	51 357	95 127
Total reserves and fund balances	**29 536**	**84**	**15 643**	**1 062**	**11 667**	**57 992**	**101 762**
Total liabilities and reserves and fund balances	**103 137**	**84**	**21 515**	**4 137**	**206 630**	**335 503**	**386 900**

[a] See note 12.3.

[b] Represents funding for the enterprise resource planning system pursuant to General Assembly resolutions 65/290, 66/265 and 67/287, comprising $74,675,200 from the support account for peacekeeping operations and $27,702,128 from extrabudgetary resources.

The accompanying notes are an integral part of the financial statements.

United Nations jointly financed activities[a]

Schedule 12.4
Statement of income and expenditure and changes in reserves and fund balances for the biennium 2012-2013 ended 31 December 2013

(Thousands of United States dollars)

	International Civil Service Commission	*Joint Inspection Unit*	*CEB secretariat*	*Safety and security*	*Malicious acts insurance policy*	*Dag Hammarskjöld Library Consortium*	*Jointly financed activities* *United Nations Office at Vienna*[b]	*Total 2013*	*Total 2011*
Income									
Funds received under inter-organization arrangements	11 279	11 795	5 666	158 308	5 109	2 310	35 169	229 636	224 947
Allocations from other funds[c]	5 311	4 032	2 063	54 839	3 315	2 955	55 521	128 036	124 731
Interest income	–	–	–	15	–	–	–	15	–
Other/miscellaneous income	7	3	–	304	–	–	82	396	530
Total income	**16 597**	**15 830**	**7 729**	**213 466**	**8 424**	**5 265**	**90 772**	**358 083**	**350 208**
Expenditure									
Staff and other personnel costs	13 242	15 240	5 834	170 421	–	–	82 773	287 510	275 618
Travel	1 546	532	304	6 485	–	–	60	8 927	11 456
Contractual services	21	41	218	3 816	7 588	5 233	3 683	20 600	22 118
Operating expenses	1 785	117	182	14 610	–	–	2 248	18 942	19 112
Acquisitions	53	44	30	5 338	–	–	2 151	7 616	9 709
Other	3	1	–	13 158	–	–	167	13 329	13 007
Total expenditure	**16 650**	**15 975**	**6 568**	**213 828**	**7 588**	**5 233**	**91 082**	**356 924**	**351 020**
Net excess (shortfall) of income over expenditure	**(53)**	**(145)**	**1 161**	**(362)**	**836**	**32**	**(310)**	**1 159**	**(812)**
Prior-period adjustments	–	–	(6)	–	–	–	(3)	(9)	(1)
Net excess (shortfall) of income over expenditure	**(53)**	**(145)**	**1 155**	**(362)**	**836**	**32**	**(313)**	**1 150**	**(813)**
Cancellation of prior-period obligations	53	33	34	362	–	–	313	795	1 255
Other adjustments to reserves and fund balances	–	–	–	–	(1 280)	–	–	(1 280)	(715)
Reserves and fund balances, beginning of period	–	121	750	–	1 298	–	–	2 169	2 442
Reserves and fund balances, end of period	–	**9**[d]	**1 939**[e]	–	**854**[f]	**32**[g]	–	**2 834**	**2 169**

(Footnotes on following page)

(Footnotes to schedule 12.4)

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[a] See note 12.4.

[b] Represents the jointly financed activities pertaining to safety and security, conference and administrative services (see note 12.4 b) and the access control programme in UNOV.

[c] Represents allocations from other funds of the United Nations.

[d] Represents balance relating to Joint Inspection Unit web-based tracking system ($9,173).

[e] Represents balances relating to CEB IPSAS project ($1,637,272), information communications technology project ($44,862), human resources network project ($52,500) and Dual career and staff mobility project ($204,959).

[f] Represents balance relating to the deductible under the malicious acts insurance policy ($853,517).

[g] Represents balance relating to the Dag Hammarskjöld Library Consortium (United Nations System Electronic Information Acquisitions Consortium) ($31,495).

The accompanying notes are an integral part of the financial statements.

United Nations special accounts for conferences and conventions[a]

Schedule 12.5
Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Conferences and substantive meetings pursuant to host country agreements	*Conferences of States parties to treaties and conventions*	*Total 2013*	*Total 2011*
Income				
Assessed contributions[b]	–	10 311	10 311	10 154
Voluntary contributions	13 528	–	13 528	8 354
Other/miscellaneous income	–	2	2	1
Total income	**13 528**	**10 313**	**23 841**	**18 509**
Expenditure				
Staff and other personnel costs	790	6 519	7 309	8 259
Travel	7 958	177	8 135	4 251
Contractual services	215	1 067	1 282	682
Operating expenses	154	171	325	1 178
Acquisitions	–	14	14	18
Other	48	–	48	57
Programme support costs	476	561	1 037	859
Total expenditure	**9 641**	**8 509**	**18 150**	**15 304**
Excess (shortfall) of income over expenditure	**3 887**	**1 804**	**5 691**	**3 205**
Prior-period adjustments	(182)	(3 351)[c]	(3 533)	(1 169)
Net excess (shortfall) of income over expenditure	**3 705**	**(1 547)**	**2 158**	**2 036**
Cancellation of prior-period obligations	218	4	222	37
Transfer (to) from other funds	(136)	–	(136)	–
Refund (to) donors	(2 520)	–	(2 520)	(2 798)
Reserves and fund balances, beginning of period	4 528	5 176	9 704	10 429
Reserves and fund balances, end of period	**5 795**	**3 633**	**9 428**	**9 704**

Schedule 12.5
Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	Conferences and substantive meetings pursuant to host country agreements	*Conferences of States parties to treaties and conventions*	*Total 2013*	*Total 2011*
Assets				
Assessed contributions receivable from Member States	–	2 460	2 460	3 532
Inter-fund balances receivable	7 611	4 364	11 975	9 918
Other accounts receivable	13	5	18	14
Total assets	**7 624**	**6 829**	**14 453**	**13 464**
Liabilities				
Contributions or payments received in advance	–	2 702	2 702	2 197
Unliquidated obligations — current period	511	143	654	353
Inter-fund balances payable	–	322	322	–
Other accounts payable	1 318	29	1 347	1 210
Total liabilities	**1 829**	**3 196**	**5 025**	**3 760**
Reserves and fund balances				
Cumulative surplus (deficit)	5 795	3 633	9 428	9 704
Total reserves and fund balances	**5 795**	**3 633**	**9 428**	**9 704**
Total liabilities and reserves and fund balances	**7 624**	**6 829**	**14 453**	**13 464**

[a] See note 12.7.

[b] Assessments are levied on the basis of agreements among the States parties to the respective treaty or convention.

[c] Primarily represents reduction in estimated income recorded during prior years upon closure of conferences in the current biennium.

The accompanying notes are an integral part of the financial statements.

Other United Nations funds[a]

Schedule 12.6

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	United Nations Memorial and Recognition Fund	*United Nations Mission in East Timor*	*Sale of United Nations bonds*	*Cafeteria Amortization Fund*	*Liquor Revolving Fund*	*Others*[b]	*Total 2013*	*Total 2011*[c]
Income								
Voluntary contributions	275	–	–	–	–	–	275	134
Interest income	72	47	–	23	–	–	142	336
Catering services	–	–	–	1 313	–	–	1 313	1 252
Liquor sales	–	–	–	–	166	–	166	151
Other/miscellaneous income	–	–	–	11	–	38	49	46
Total income	**347**	**47**	**–**	**1 347**	**166**	**38**	**1 945**	**1 919**
Expenditure								
Staff and other personnel costs	–	–	–	301	39	10	350	831
Travel	–	–	–	–	–	29	29	67
Operating expenses	–	–	–	1 257	–	62	1 319	350
Acquisitions	–	–	–	64	–	–	64	257
Other	137	–	–	–	138	–	275	210
Total expenditure	**137**	**–**	**–**	**1 622**	**177**	**101**	**2 037**	**1 715**
Excess (shortfall) of income over expenditure	**210**	**47**	**–**	**(275)**	**(11)**	**(63)**	**(92)**	**204**
Cancellation of prior-period obligations	–	–	–	12	–	–	12	8
Reserves and fund balances, beginning of period	5 193	9 490	44 048	1 549	99	107	60 486	60 274
Reserves and fund balances, end of period	**5 403**	**9 537**	**44 048**	**1 286**	**88**	**44**	**60 406**	**60 486**

Schedule 12.6

Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	United Nations Memorial and Recognition Fund	*United Nations Mission in East Timor*	*Sale of United Nations bonds*	*Cafeteria Amortization Fund*	*Liquor Revolving Fund*	*Others*[b]	*Total 2013*	*Total 2011*[c]
Assets								
Cash and term deposits	–	45	–	–	–	–	45	34
Cash pool[d]	5 264	3 401	–	2 081	–	14	10 760	10 058
Assessed contributions receivable from Member States	–	6 091	–	–	–	–	6 091	6 092
Inter-fund balance receivable	139	–	–	–	89	30	258	182
Other accounts receivable	–	–	–	86	–	–	86	133
Due from the Ad Hoc Account for the United Nations Operation in the Congo[e]	–	–	35 931	–	–	–	35 931	35 931
Due from the Special Account for the United Nations Emergency Force (1956)[e]	–	–	8 117	–	–	–	8 117	8 117
Total assets	**5 403**	**9 537**	**44 048**	**2 167**	**89**	**44**	**61 288**	**60 547**
Liabilities								
Unliquidated obligations — current period	–	–	–	866	–	–	866	61
Inter-fund balances payable	–	–	–	15	–	–	15	–
Other liabilities	–	–	–	–	1	–	1	–
Total liabilities	–	–	–	**881**	**1**	–	**882**	**61**
Reserves and fund balances								
Operating reserves	–	–	–	649	–	–	649	421
Cumulative surplus	5 403	9 537	44 048	637	88	44	59 757	60 065
Total reserves and fund balances	**5 403**	**9 537**	**44 048**	**1 286**	**88**	**44**	**60 406**	**60 486**
Total liabilities and reserves and fund balances	**5 403**	**9 537**	**44 048**	**2 167**	**89**	**44**	**61 288**	**60 547**

[a] See note 12.9.

[b] Combines common services, special awards, and maintenance and repair of the residence of the Executive Secretary of the Economic Commission for Africa. (see note 12.9 (f)).

[c] Comparative figures have been restated to conform to current presentation.

[d] Represents share of the United Nations main cash pool and comprises cash and term deposits of $2,248,949, short-term investments of $4,288,199, long-term investments of $4,208,285 and accrued interest receivable of $14,745.

[e] Disposal of this amount will be subject to a decision by the General Assembly.

The accompanying notes are an integral part of the financial statements.

United Nations
Notes to the financial statements

Note 1
The United Nations and its activities

The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law;

(e) The development of self-government for Trust Territories.

The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law.

The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

Basis of presentation

The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the Regulations, and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows International Accounting Standard 1, "Presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

(a) Going concern, consistency and accrual are fundamental accounting assumptions of the United Nations system accounting standards. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(b) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(c) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(d) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(e) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(f) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature. A summary of all funds reported in these financial statements is provided in note 3. Separate financial statements have been prepared for funds that are not reported in volume I; please refer to the ninth paragraph of the present section.

The financial period of the Organization is a biennium consisting of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal-year basis covering the period from 1 July to 30 June. These financial statements have been prepared for the biennium ended 31 December 2013, with comparative prior figures presented for the biennium ended 31 December 2011.

Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in the second paragraph of the section on income below applies.

The financial statements of the Organization are presented in United States dollars. The United States dollars is the functional and presentation currency of the United Nations. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

The statement of cash flows is based on the indirect method of cash flows, as referred to in the United Nations system accounting standards.

The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-level Committee on Management.

The results of the Organization's operations presented in statements I, II, and III are summarized by general type of activity and are presented on a combined basis for funds other than those that are reported on separately, after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.

Separate financial statements are issued for the United Nations general and related funds, for the two United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994), for the International Residual Mechanism for Criminal Tribunals and for the peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June. Separate financial statements are also issued for the International Trade Centre, the United Nations University and the United Nations Institute for Training and Research and for the programmes and funds of the United Nations system, including the United Nations Office on Drugs and Crime, the United Nations Environment Programme, the United Nations Human Settlements Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund, the United Nations Office for Project Services, the United Nations Capital Development Fund, UN-Women, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the World Food Programme and the United Nations Volunteers.

Income

The amounts necessary to finance the activities of the United Nations regular budget, the peacekeeping operations, the capital master plan, the international tribunals and the Working Capital Fund are assessed to Member States in accordance with the scale of assessments determined by the General Assembly.

Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied.

Amounts assessed to non-Member States that agree to reimburse the Organization for the costs of their participation in United Nations treaty bodies, organs and conferences are credited to miscellaneous income.

Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements.

Income from revenue-producing activities (including activities handled by outside contractors) is shown in the financial statements on a net basis, after the subtraction of directly related operating expenditures.

Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf.

Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund.

Income from jointly financed activities represents amounts charged to other organizations for their share of joint costs paid for by the Organization.

Income for services rendered includes amounts charged for staff salaries and other costs that are attributable to providing technical and administrative support to other organizations.

Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds.

Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency exchange adjustments, except for those arising from revaluation of current-period obligations as stated in the first paragraph of the expenditure section below, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed to non-Member States as stated in the third paragraph of the present section, monies accepted for which no purpose was specified and other sundry income. In respect of general trust funds, miscellaneous income also includes savings on or cancellation of prior-period obligations.

Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in the third paragraph of the section on liabilities and reserves and fund balances below.

Expenditure

Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations.

Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. The inventory of such non-expendable property is maintained at the historical cost and reported in the notes to the financial statements.

Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in the fourth paragraph of the section on assets below.

Assets

Cash and term deposits include funds held in demand deposit accounts and interest-bearing bank deposits.

Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. All investments are stated at their fair value.

Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for as set out in the second paragraph of the present section. The share in the cash pools is reported separately in each participating fund's statement and its composition is disclosed in the footnote to the statement. Additional details are provided in note 13.

Assessed contributions represent legal obligations of contributors, and therefore the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments.

Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with that fund. Inter-fund balances are settled periodically, depending on the availability of cash resources.

Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery.

For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled.

Construction in progress is shown in the accounts as such until completion of the construction projects, at which time the completed construction projects, together with the cost of the land, are reflected as capital assets of the Organization.

Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements.

Liabilities and reserves and fund balances

Operating and other types of reserves are included in the totals for "reserves and fund balances" shown in the financial statements.

Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations.

Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities and other income received but not yet earned.

The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations relating to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds with a multi-year financial cycle remain valid until the completion of the project.

Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits and unused vacation days. The liabilities of all three groups of accrued liabilities for end-of-service and post-retirement benefits are determined on an actuarial basis.

Contingent liabilities, if any, are disclosed in the notes to the financial statements.

The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined-benefit plan.

An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual participating organizations, the United Nations is not in a position to identify its share of the underlying financial position and performance of the Pension Fund with sufficient reliability for accounting purposes and hence has treated this plan as if it were a defined contribution plan. Thus the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements.

The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the Organization, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the reporting date for the current financial statements, the General Assembly had not invoked this provision.

Technical cooperation activities

The technical cooperation financial statements report on activities financed by voluntary contributions, funds received under inter-organizational arrangements from UNDP, UNFPA and other sources, and by allocation from section 22 of the regular budget.

Voluntary contributions from Member States or other donors for technical cooperation activities are recorded as income upon receipt of cash, including amounts received pending the identification of specific projects.

The allocation of income from UNDP and UNFPA is determined taking into account interest and other miscellaneous income against total expenditure.

Distribution of interest income for trust funds is calculated at year end using the percentage participation of each fund based on the monthly average fund balance.

Miscellaneous income arising from regular budget activities is credited to miscellaneous income of the General Fund. Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned.

Unliquidated obligations for the current period in respect of all technical cooperation activities other than those funded from the regular budget remain valid for 12 months following the end of the calendar year, rather than the biennium, to which they relate. However, in accordance with UNDP/UNFPA reporting requirements, such obligations may be retained beyond 12 months when a firm liability to pay still exists. Savings on or cancellation of prior-period obligations are credited to individual projects as a reduction of current-period expenditure.

The appropriation for the technical cooperation programmes of the Regular Budget is administered in accordance with the Financial Regulations and Rules of the United Nations. Unliquidated obligations for the regular programme of technical cooperation that are outstanding at the end of a financial period are transferred from the United Nations General Fund accounts to the technical cooperation accounts in the following financial period.

A system of average costing is used for UNDP/UNFPA projects whereby those elements of experts' actual costs that are unique to the individual expert are charged to UNDP/UNFPA projects at average cost. This is calculated by apportioning those costs over all UNDP or UNFPA projects in respect of which expert-months have been delivered in the current period.

The repatriation grant entitlement is calculated on the basis of 8 per cent of net base pay for eligible project personnel, except those subject to average costing.

Trust funds

Trust funds established by the General Assembly or the Secretary-General are of two types — general trust funds and technical cooperation trust funds.

Accounts for general trust funds are maintained under the same accounting procedures as those adopted for the regular budget, except that cancellations of prior-period obligations are credited to miscellaneous income.

Where the implementing partner is an entity of the United Nations system, general trust funds record disbursements as advances, and expenditures are recognized on the basis of expenditure reports submitted by them subsequently, at which time the advances are reduced.

Where the implementing partner is not part of the United Nations system, based on the agreement with the implementing partner, payments to them are regarded as grants. In such cases, 100 per cent of the value of the grant is recognized as expenditure when agreements are signed, the disbursement is made at that same moment and the implementing partners have the obligation of providing expenditure reports during the life of the project and the final audited reports after the completion of projects. If the United Nations, based on the agreement, disburses less than 100 per cent of the amount to the implementing partners, the part that was not disbursed remains as an unliquidated obligation until after the implementing partners provide expenditure reports. The unliquidated obligations are either reduced if further disbursements are required or cancelled where no further disbursements are made.

General trust funds are charged with costs for the repatriation grant entitlement, which is calculated on the basis of 8 per cent of net base pay of eligible personnel.

Funds provided to reimburse the Organization for the use of its facilities are not treated as trust funds. Any unspent balances of such funds held by the Organization are included as part of accounts payable totals reported in the General Fund (statement V) or in other statements.

Tax Equalization Fund

The Tax Equalization Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations, the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda and the International Residual Mechanism for Criminal Tribunals. The Fund includes as expenditure the credits against the regular budget, peacekeeping, International Residual Mechanism and tribunals' assessments of Member States that do not levy taxes on the United Nations income of their nationals. Additional details are provided in note 8.

The change from the United Nations system accounting standards to the International Public Sector Accounting Standards

The United Nations is transitioning from the use of the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS), which will guide presentation of the financial statements of the United Nations commencing from the 2014 financial year. Hence the present financial statements are the last statements prepared on the basis of the United Nations system accounting standards.

IPSAS is based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also requires significantly more note disclosures in the financial statements.

Under the United Nations system accounting standards, financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on a full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis. There will be a reconciliation between budget implementation and the financial statements which will be presented in the notes to the financial statements.

IPSAS requires annual financial statements; commencing from the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 3

All funds summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); and cash flows (statement III)

Statements I, II and III contain financial results for United Nations funds, which are totalled into eight groups of related funds and, after elimination, combined into a grand total reflecting all activities of the Organization. This combined presentation should not be interpreted to mean that any individual fund can be used for any purpose other than that for which it is authorized. The eight groups consist of:

(a) General Fund and related funds, comprising the United Nations General Fund, Working Capital Fund and Special Account, which is reflected in statement V;

(b) Technical cooperation activities, which include the financial results summarized in statement VI;

(c) General trust funds, which include the financial results summarized in statement VII;

(d) Tax Equalization Fund, which includes the financial results summarized in statement VIII;

(e) Capital master plan, which includes the financial results summarized in statement IX;

(f) Capital assets and construction in progress, which include the financial results summarized in statement X;

(g) End-of-service and post-retirement benefits, which include the financial results summarized in statement XI;

(h) Other special funds, which include the financial results summarized in statement XII.

Statement I includes two calculations of the excess or shortfall of income compared with expenditure. The first calculation is based on income and expenditure only for the current period of the biennium. The second calculation shown is a net one, which includes any prior-period adjustments to income or expenditure.

All funds eliminations. Upon combination of all funds into the eight groups (note 3 (a)), eliminations of transactions that occur across the groups (i.e., inter-group transactions) are required in order to make for a fair presentation of the "Total" column. These eliminations include transactions that comprise income of one group of funds but are the expense of another group, or a receivable of one group that is the payable of another group. All such eliminations are presented in the "All funds elimination" column.

Note 4
General Fund: status of appropriations (statement IV)

In accordance with General Assembly resolutions 66/248, 67/247, 67/269 and 68/245, the budget appropriations and gross assessments for the biennium 2012-2013 are as follows:

(Thousands of United States dollars)

	2012	*2013*	*Total*
Budget appropriations (resolution 66/248 A)	2 576 150	2 576 150	5 152 300
Add: Increased appropriations for the biennium 2012-2013:			
resolution 67/247	–	243 257	243 257
resolution 67/269	–	3 808	3 808
resolution 68/245	–	165 703	165 703
Total 2012-2013 revised budget appropriations	**2 576 150**	**2 988 918**	**5 565 068**
Estimated income (other than staff assessment) for the biennium 2012-2013:			
resolution 66/248 B	26 193	26 193	52 386
resolution 68/245 B	–	5 194	5 194
Less: Decrease in income (other than staff assessment) for the biennium 2012-2013:			
resolution 67/247 B	–	(18 064)	(18 064)
Total revised estimated income	**26 193**	**13 323**	**39 516**
Total 2012-2013 final budget appropriations less total estimated income	**2 549 957**	**2 975 595**	**5 525 552**
Add: Net increase in appropriations for the biennium 2010-2011 (resolution 66/245) assessed in 2012 (resolution 66/248 C)	49 199	–	49 199

	2012	*2013*	*Total*
Less: Increase in income (other than staff assessment) for the biennium 2010-2011 (resolution 66/245 B) adjusted against the assessment in 2012 (resolution 66/248 C)	(13 925)	–	(13 925)
Increase in appropriations for the biennium 2012-2013 adjusted against the assessment in 2014 (resolution 68/248 C)			
resolution 67/269	–	(3 808)	(3 808)
resolution 68/245	–	(70 650)	(70 650)
Adjustments against the assessments in 2013 (resolution 68/245):			
Transfer of unencumbered balances	–	(40 070)	(40 070)
Credit to the General Fund	–	(26 648)	(26 648)
Unutilized surplus for the biennium 2010-2011	–	(23 141)	(23 141)
	35 274	(164 317)	(129 043)
Gross amounts assessed to Member States in the biennium 2012-2013 (resolutions 66/248 C and 67/247 C)	**2 585 231**	**2 811 278**	**5 396 509**

Note 5
United Nations General Fund and related funds (statement V)

United Nations General Fund

Cash and term deposits

The cash and term deposits figure shown represents the net total of all cash balances (including funds held in non-convertible currencies), less any overdrafts.

Assessed contributions receivable from Member States

The assessed contributions receivable, as shown in the accounts for the period ended 31 December 2013, have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. Based on United Nations policy, as stated in the fourth paragraph of the assets section in note 2 above, no provision has been made for delays in the collection of outstanding assessed contributions.

In accordance with financial regulation 3.5, payments made by a Member State are credited first to the Working Capital Fund and then to regular budget contributions due in the order in which the Member State was assessed.

The total unpaid assessments include the amount of $710,168 that was due from the former Yugoslavia, which ceased to be a Member State on 1 November 2000; this amount will be apportioned among the successor States of the former Yugoslavia pursuant to General Assembly resolution 63/249.

A Member State has indicated that it does not intend to pay some of its assessed contributions relating to certain expenditure items included in the Organization's regular budget or that such contributions will be paid only under certain conditions. As a result, it is estimated that as at 31 December 2013 a cumulative total of $167,295,892 has been withheld by the Member State. This estimate is included in the total contributions outstanding as at 31 December 2013 of $461,310,046 with respect to the regular budget. As payments received are applied towards settlement of the Member State's earliest outstanding assessments, of the total outstanding assessments, $9,924,777 are over one year old and $451,385,269 are less than one year old.

The assessed contributions receivable shown in statement V exclude $16,636,846 in unpaid assessed contributions to the regular budget by China for the period up to 24 October 1971. Following the adoption by the General Assembly on 25 October 1971 of resolution 2758 (XXIV), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", that amount has been transferred to a special account under General Assembly resolution 3049 C (XXVII) of 19 December 1972.

The following is a breakdown of other accounts receivable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2013 and 2011:

(Thousands of United States dollars)

Accounts receivable	*2013*	*2011*
Governments	3 526	2 925
Staff members	31 475	27 616
Vendors	6 278	11 201
Specialized agencies	12 879	6 487
Other entities	62 244	55 596
Other	1 314	4 005
Total	**117 716**	**107 830**

The following is a breakdown of deferred charges pertaining to the United Nations General Fund that are included in statement V as at 31 December 2013 and 2011:

(Thousands of United States dollars)

Deferred charges	*2013*	*2011*
Education grant advances	15 972	16 343
Commitments against future years	163 055	193 617
Other	812	955
Total	**179 839**	**210 955**

The following is a breakdown of other accounts payable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2013 and 2011:

(Thousands of United States dollars)

Accounts payable	*2013*	*2011*
Governments	717	627
Staff members	12 651	16 381
Vendors	49 845	48 775
Specialized agencies	9 349	3 110
Other entities	24 108	18 315
Provisions for repatriation grant	6 479	7 905
Other	4 546	1 259
Total	**107 695**	**96 372**

The surplus account of the United Nations General Fund represents funds available for credit to Member States arising from unobligated balances of appropriations, cancellation of prior-period obligations and other designated income. The following table shows the composition of total reserves and fund balances as at 31 December 2013 and 2011:

(Thousands of United States dollars)

Reserves and fund balances		*2013*	*2011*
Authorized retained surpluses as established by:			
General Assembly resolution 2947 A and B (XXVII)		3 938	3 938
General Assembly resolution 36/116 B	45 480		
Less: write-off of arrears for South Africa[a]	19 100	26 380	26 380
General Assembly resolution 40/241 B	10 532		
Less: write-off of arrears for South Africa[a]	4 423	6 109	6 109
General Assembly resolution 42/216 A	154 881		
Less: transfer to peacekeeping reserve fund[b]	82 601		
Less: write-off of arrears for South Africa[a]	30 359	41 921	41 921
Total authorized retained surplus		**78 348**	**78 348**
Less: Funding of UNITAR building[c]		9 992	9 992
Net authorized retained surplus		**68 356**	**68 356**
Cumulative surplus:			
Excess (shortfall) of income over expenditure		(67 695)	(355 793)
Prior-period adjustments		655	(367)
Cancellation of prior-period obligations		23 184	45 017
Transfers from other funds[d]		67 156	–
Subtotal		**23 300**	**(311 143)**

Reserves and fund balances	*2013*	*2011*
Balance of cumulative surplus as at 31 December 2011 and 2009	(48 221)	262 922
Total cumulative surplus (deficit)	**(24 921)**	**(48 221)**
Total reserves and fund balances	**43 435**	**20 135**

[a] General Assembly resolution 50/83 of 15 December 1995.
[b] General Assembly resolution 47/217 of 23 December 1992.
[c] General Assembly resolution 47/227 of 8 April 1993.
[d] General Assembly resolution 68/245 of 27 December 2013.

Working Capital Fund

The Working Capital Fund was established pursuant to General Assembly resolution 80 (I) in 1946. Under current financial regulations the source of moneys of the fund is advances from Member States made in accordance with the scale of assessments as determined by the General Assembly for the apportionment of the expenses of the United Nations. Advances may be made from the Working Capital Fund to finance budgetary appropriations or unforeseen and extraordinary expenses or for other purposes as authorized by the General Assembly.

In accordance with General Assembly resolution 60/283 of 7 July 2006, the level of the Working Capital Fund was increased from $100 million to $150 million with effect from 1 January 2007.

United Nations Special Account

Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit.

Note 6
Technical cooperation activities (statement VI)

The amount of $1,005,000 shown in statement VI as receivable from funding sources includes unliquidated obligations for which funds will be requested only as payments become due, in accordance with existing arrangements with UNDP and UNFPA.

Note 7
General trust funds (statement VII)

During the biennium 2012-2013, 11 new trust funds were established and 8 trust funds were closed. As at 31 December 2013, there were 171 general trust funds.

The General Assembly decided in its resolution 60/124 to upgrade the former Central Emergency Revolving Fund, which provided loans, to the current Central Emergency Response Fund, which in addition to loans, would also provide grants. The Central Emergency Response Fund is funded from voluntary contributions, and is established to ensure a more timely and predictable response to humanitarian emergencies, with the objectives of promoting early action and response to reduce loss of life, enhancing response to time-critical requirements and strengthening core elements of humanitarian response in underfunded crises. Loans provided by the Central Emergency Response Fund that are outstanding as of 31 December 2013 are shown in the appendix to the present notes.

The United Nations Office for Partnerships (UNOP) was established in 2006 to strengthen system-wide coherence in the establishment of operational relationships with global partners of the United Nations and is responsible for management of the United Nations Fund for International Partnerships (UNFIP) and the Trust Fund for Partnerships. The United Nations Fund for International Partnerships, a trust fund administered by the Secretary-General, was established by the United Nations in 1998 following the agreement signed by the United Nations with the United Nations Foundation, Inc., a not-for-profit corporation organized under the laws of the State of New York of the United States of America. Funding is provided by the Foundation to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations. UNFIP, through its administrative office, works with the Foundation to identify and select projects and activities to be funded by the Foundation, receiving and distributing funds for such projects and activities, and monitoring and reporting to the Foundation on the use of the funds. Upon approval of project documents, UNFIP advances the annual cash requirements to United Nations funds, programmes and specialized agencies. At periodic intervals, implementing partners submit reports providing details of cash disbursed in carrying out project activities, which serve as the basis for clearing the cash advances. The Trust Fund for Partnerships was established in 2009 by the Secretary-General to provide the United Nations Office for Partnerships with a financial mechanism for mobilizing the resources of non-State actors, through public/private partnerships, to support the international agenda of the United Nations and the Millennium Development Goals.

Note 8
United Nations Tax Equalization Fund (statement VIII)

The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations, the Tribunals for Rwanda and the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals. The Fund includes as expenditure the credits against the regular budget, peacekeeping, International Residual Mechanism and tribunals' assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

The cumulative surplus for the United States of America at the end of the biennium 2012-2013 is shown as "Accounts payable to Member States" pending instructions as to its application.

Note 9

Capital master plan and related special accounts (statement IX)

Capital master plan

The capital master plan was established in 2001 pursuant to General Assembly resolution 55/238 and encompasses all expenditures relating to the major refurbishment of the United Nations Headquarters complex in New York. The capital master plan was initially financed through an appropriation from the United Nations regular budget and subsequently through separate assessments to Member States. The General Assembly approved, in its resolution 61/251 of 22 December 2006, the capital master plan at a total project budget not to exceed $1,876.7 million (exclusive of any credit facility fees), and the establishment of a working capital reserve of $45 million under the capital master plan.

Amounts capitalized as construction in progress for the capital master plan represent only that portion of the expenditures that provides long-term benefits. Expenditures that do not provide long-term benefits, and therefore do not meet the capitalization criteria, are expensed. In addition, expenditures for non-expendable property are also expensed, in accordance with paragraph 43 of the United Nations system accounting standards.

Associated costs

The United Nations Special Account for Capital Master Plan Associated Costs was established in July 2008 to account for the temporary increases in staffing and operational costs during the construction period of the capital master plan and for other costs arising from the capital master plan, including those relating to furniture and equipment. In accordance with section III of General Assembly resolution 64/228, "Associated costs" are financed from within the approved budget of the capital master plan.

Secondary Data Centre

The United Nations Special Account for the Secondary Data Centre was established in May 2009 to account for and segregate costs pertaining to the Secondary Data Centre. Amounts recorded under this fund represent costs relating to the temporary site for the Secondary Data Centre. In accordance with General Assembly resolution 64/228, costs for the "Secondary Data Centre" are financed from the support account for peacekeeping operations ($2,195,790), and the remainder from within the approved budget of the capital master plan.

Security enhancements

The United Nations Special Account for Critical Capital Master Plan Security Enhancements was established in 2011 in accordance with General Assembly resolution 65/269 in order to account for the implementation of the security enhancements to improve the security of the Headquarters compound and of delegates, staff and visitors. The estimated cost of $100 million was funded entirely by contributions from the host country.

Note 10
Capital Assets Fund and construction in progress (statement X)

Capital Assets Fund

Land and buildings are reported at original cost. No depreciation is provided for buildings. Major improvements and extensions to existing buildings are reflected in the construction in progress fund and are capitalized when the projects are completed.

The capital assets of the Organization as at 31 December 2013, expressed in millions of United States dollars, comprise land and buildings (at cost) at the following locations:

(Millions of United States dollars)

Capital assets		*Amount*
United Nations building, New York (original cost)	67.1	
Less: cost of library building razed in 1960	1.7	65.4
Dag Hammarskjöld Library building, New York		6.7
Land for permanent Headquarters site, New York		9.6
Extension of meeting rooms of North Lawn, delegates dining facilities and staff cafeteria, New York		56.2
UNITAR building		11.0
Temporary North Lawn building		179.7
United Nations building under capital master plan		684.2
Security enhancements		42.7
Secondary Data Centre		1.1
Associated costs		5.4
Subtotal		**1 062.0**
Secretariat building and General Assembly Hall, library building and villas, Geneva		12.3
Modernization of Palais des Nations, Geneva		2.1
Major maintenance, Geneva		6.7
Extensions of conference facilities, Geneva		47.7
Security enhancements		35.9
Subtotal		**104.7**
United Nations accommodation at Nairobi, Gigiri building		50.5
Conference facilities at Nairobi, Gigiri building		10.1
Security enhancements		4.7
Subtotal		**65.3**

Capital assets		*Amount*
United Nations building — Vienna:		
Security enhancements		8.8
Subtotal		**8.8**
Land and structures, Addis Ababa, Mogadishu, Pusan		0.3
ECA building, Addis Ababa		7.5
New ECA conference facilities		115.0
Security enhancements		2.4
Subtotal		**125.2**
United Nations building, Santiago		5.6
Documents Research Centre, Santiago		1.0
Annex — North Building		2.0
Security enhancements		1.5
Subtotal		**10.1**
ESCAP building, Bangkok	8.7	
Less: cost of Netherlands building razed in 1990	0.2	8.5
ESCAP conference building in Bangkok		46.5
Security enhancements		1.4
Subtotal		**56.4**
Total		**1 432.5**

Construction in progress

The financial statements for construction in progress comprise those for security measures and other discrete construction-in-progress projects.

All construction in progress accounts are maintained on a multi-year financial cycle. Any unexpended balances of appropriations are carried forward into succeeding bienniums until the projects are completed.

Capital expenditures incurred net of cancellation of prior-period obligations and prior-period adjustments are transferred to and reported as construction in progress in the statement of assets, liabilities and reserves and fund balances.

The Fund for Security Measures was established in 2002 pursuant to General Assembly resolution 56/286 to account for and report on the resources authorized by the General Assembly for alteration and improvements of United Nations premises and on related expenditures in respect of strengthening the security and safety of the United Nations premises. Funds for security measures are appropriated from the United Nations regular budget.

The column in statement X labelled "Other construction" comprises construction projects other than those related to security measures in various locations. During the biennium 2012-2013, these comprised construction projects at the Economic Commission for Africa and the United Nations Office at Nairobi.

Note 11
End-of-service and post-retirement benefits (statement XI)

End-of-service and post-retirement benefits comprise after-service health insurance (ASHI) coverage, repatriation benefits and commutation of unused vacation days. As disclosed in the fifth paragraph of the section on liabilities and reserves and fund balances in note 2 above, all three liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

After-service health insurance

Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and 5 years for those who were recruited prior to this date. This benefit is referred to as after-service health insurance.

The major assumptions used by the actuarial firm to determine the liabilities for after-service health insurance as at 31 December 2013 were:

(a) A single equivalent discount rate of 4.47 per cent based on a weighted blend of three discount rate assumptions: United States dollars, euros and Swiss francs. Previously, a single equivalent discount rate of 4.5 per cent was used based only on high quality corporate bonds denominated in United States dollars;

(b) A flat health-care yearly escalation rate of 5.0 per cent for non-United States medical plans and health-care escalation rates of 7.3 per cent for all other medical plans (except 6.3 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over 10 years;

(c) Retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits.

Another factor in the after-service health insurance valuation is consideration of contributions by all plan participants in determining the Organization's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Organization's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan.

On the basis outlined in the second and third paragraphs of the present section, the present value of the accrued liability as at 31 December 2013, net of contributions from plan participants, and excluding the liability related to peacekeeping operations, which is shown in volume II of the financial statements for peacekeeping operations, was estimated at $3,223,015,000.

Further to the assumptions in the second paragraph of the present section, it is estimated that the present value of the liability would increase by 22 per cent and decrease by 17 per cent if medical cost trend is increased and decreased by 1 per cent respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 23 per cent and decrease by 17 per cent if the discount rate is decreased and increased by 1 per cent respectively, all other assumptions held constant.

Repatriation benefits

Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based on length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

As referred to in the fifth paragraph of the section on liabilities and reserves and fund balances in note 2 above, an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.23 per cent, annual salary increases consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits, and travel and shipment cost increases of 2.5 per cent per annum.

On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $193,303,000 for regular budget resources and $47,384,000 for extrabudgetary resources that are included in volume I of the United Nations financial statements.

Unused vacation days

Upon end of service, staff members may commute unused vacation days up to a maximum of 60 working days for those holding fixed-term or continuing appointments.

As referred to in the fifth paragraph of the section on liabilities and reserves and fund balances in note 2 above, an actuarial firm was engaged to carry out an actuarial valuation of the liability associated with unused vacation days as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.47 per cent and an annual rate of increase in accumulated annual leave balances of 10.9 days in each of the first three years, 1 day per year in the fourth to eighth year, and 0.5 days annually thereafter, capping at an accumulation of 60 days. Salary is assumed to increase annually at rates consistent with those used by UNJSPF in making its own actuarial valuation of pension benefits.

On the basis of these assumptions, the present value of the accrued liability for unused vacation days as at 31 December 2013 was estimated at $102,479,000 for regular budget resources and $23,691,000 for extrabudgetary resources that are included in volume I of the United Nations financial statements.

Note 12
Other special funds (statement XII)

Funds held in trust (schedule 12.1)

Funds held in trust account for activities with respect to the various health and life insurance plans of the United Nations, for compensation payments under appendix D to the Staff Rules, and for liability claims associated with the general liability of the Organization.

Special accounts for administrative cost recoveries (schedule 12.2)

The special accounts for administrative cost recoveries are shown separately from the extrabudgetary funds from which they derive their incomes.

Reimbursement for administrative costs is provided for in respect of extrabudgetary technical cooperation, administrative and substantive activities. The reimbursement is generally calculated as a percentage of the resources expended, except for general trust fund allocations.

Unliquidated obligations in respect of special accounts for administrative cost recoveries are accounted for on the same basis as for the programme budget.

The support account for peacekeeping operations is presented in volume II of the United Nations financial statements.

Common support services (schedule 12.3)

Special account for the implementation of the enterprise resource planning system. Pursuant to General Assembly resolution 63/262, the fund was established as a special multi-year account to account for the activities relating to the new enterprise resource planning system, which is funded from the regular budget and the peacekeeping support account as authorized by the General Assembly, and from extrabudgetary resources.

Integrated Management Information System. The fund was established to account for the activities relating to the IMIS project.

Information technology and telecommunications. The Special Account for Information Technology and Telecommunications Services Costs at Headquarters was established during the biennium 2000-2001 to account for the recovery of the costs associated with information technology and telecommunication services provided by the Office of Information and Communications Technology at United Nations Headquarters. Such costs, which include common carrier costs, infrastructure maintenance and development costs, and operational and management costs of the Office of Information and Communications Technology, are reimbursed by users of the services.

Travel services. The Special Account for Travel Services was established during the biennium 2000-2001 to account for the travel services provider at Headquarters. Effective 2006, travel tickets raised at Headquarters are charged a percentage fee, currently set at 4.5 per cent, in order to provide the required funding for the travel services provider at Headquarters.

Rented premises. The Special Account for Rented Premises at Headquarters was established during the biennium 2002-2003 to account for rental and maintenance costs of rented premises at Headquarters.

Jointly financed activities (schedule 12.4)

Costs of the International Civil Service Commission, the Joint Inspection Unit, the CEB secretariat, joint safety and security activities, the malicious acts insurance policy and the Dag Hammarskjöld Library Consortium, and jointly financed activities pertaining to safety and security, conference and administrative services in the United Nations Office at Vienna, are charged directly to the fund established for these jointly financed activities. These costs are charged directly to the fund when incurred and are distributed among participating organizations. The amounts payable by the United Nations and other participating organizations are credited to income.

Supplementary development activities

Supplementary development activities represent the special multi-year account for supplementary development activities, which was established by the General Assembly in its resolution 54/15. Resources appropriated under the section for the Development Account of the United Nations regular budget are transferred into the special multi-year account.

The unspent balance of appropriations at the end of the biennium is carried forward to the succeeding biennium.

Activities related to Storm Sandy

The special account for insurance recovery and expenditure relating to the damage to United Nations property in the aftermath of Storm Sandy was established as a special multi-year fund to finance remediation work relating to the storm, pursuant to General Assembly resolution 67/254.

The fund will be available until 31 December 2015, with the possibility of extension beyond that date depending on the status of the insurance claims process.

The cumulative insurance coverage, original estimated damages and recoveries as at 31 December 2013 are as follows:

Analysis of estimated damages and insurance recoveries

(Thousands of United States dollars)

Policy	*Insurance coverage*	*Original estimated damages*[a]	*Recoveries*
Builders' risk insurance (under the capital master plan)	100 000	87 851	17 000[b]
Global property insurance (under flood risk)	50 000	61 070	46 750
Federal Emergency Management Agency of the United States (flood disaster)	–	–	419
Total	**150 000**	**148 921**	**64 169**

[a] Original estimated damages according to General Assembly resolution 67/254; remediation works are ongoing, therefore the final costs of damages are yet to be finalized.

[b] Interim amount received to date.

Further claims will be submitted for construction work in progress by the Office of the Capital Master Plan; these will be presented for settlement under the builders' risk insurance policy.

Conferences and conventions (schedule 12.5)

Conferences and conventions comprise:

(a) "Conferences and substantive meetings pursuant to host country agreements", which accounts for conferences and meetings that are undertaken pursuant to host country agreements;

(b) "Conferences of State parties to treaties and conventions", which accounts for conferences and conventions that are undertaken pursuant to treaty and similar agreements. Included in this column are the Conference of State Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, the Convention on Certain Conventional Weapons, the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction and the Convention on Cluster Munitions.

United Nations System Staff College

Pursuant to General Assembly resolution 55/278, the United Nations System Staff College was established with effect from 1 January 2002 and a special account was created for the activities of the College, which is reported on the financial statements of the United Nations. The College serves as the institution for system-wide knowledge management, training and continuous learning for the staff of the United Nations system, aimed in particular at the areas of economic and social development, peace and security and internal management of the United Nations system.

9. Other funds (schedule 12.6)

United Nations Memorial and Recognition Fund. The United Nations Nobel Peace Prize Memorial Fund was established effective 29 May 2003 for the receipt and administration of the entire proceeds of the Nobel Peace Prize awarded in 2001 to the United Nations and the Secretary-General, in order to create a living memorial to the United Nations civilian personnel who have been killed in the service of peace and to assist in the education of their surviving children. In 2010 the name of the Fund was amended to the United Nations Memorial and Recognition Fund and its terms of reference were revised. The Fund is to be used for providing assistance to United Nations civilian personnel and their families in defined circumstances, including those killed or disabled in the line of duty, those who are victims and survivors of malicious acts aimed at the United Nations, and those who are victims of kidnapping or hostage incidents. The Fund also receives voluntary contributions from a variety of sources, including Member States, intergovernmental organizations, foundations, private sector entities and individuals.

United Nations Mission in East Timor. By its resolution 1246 (1999), the Security Council established the United Nations Mission in East Timor (UNAMET) to organize and conduct a popular consultation on the basis of a direct, secret and universal ballot. UNAMET was succeeded by the United Nations Transitional Administration in East Timor (UNTAET), then by the United Nations Mission of Support in East Timor (UNMISET) and finally by the United Nations Mission in Timor-Leste (UNMIT), all of which are funded from the United Nations peacekeeping budget.

Special account for the sale of United Nations bonds. Under the terms of General Assembly resolution 1739 (XVI) of 20 December 1961, the Secretary-General was authorized to issue bonds up to a total of $200,000,000, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. The Secretary-General was also requested to include in the regular budget an amount sufficient to pay interest and instalments of principal, in accordance with the terms of the issue. A total of $169,906,000 was realized from the sale of the bonds and utilized for the United Nations Emergency Force (1956) and the United Nations Operation in the Congo. The last payments of principal and interest were made to bond holders in the biennium 1988-1989, and the bond issue is now fully amortized.

Cafeteria Amortization Fund. The fund was established as a revolving fund at the United Nations Office at Geneva in 1972 to accumulate reserves for replacement of catering equipment and to account for related expenditures.

Liquor Revolving Fund. The fund is maintained as a revolving fund to account for purchases and sales of liquor at United Nations Headquarters.

Others. Others comprise funds for common services, special awards, and maintenance and repair of the residence of the Executive Secretary of the Economic Commission for Africa.

Note 13
Cash pool

Background

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, and a limited number of other entities. Such surplus funds are combined in two internally managed cash pools, which invest in major segments of the money and fixed income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities of the cash pools are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance.

Investment management objectives

Further to the Guidelines, investment objectives of the cash pools, in order of priority, are the following:

(a) Safety: ensure the preservation of capital;

(b) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(c) Return on investment: attain a competitive market rate of return taking into account investment risk constraints, and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools.

Cash pools

The United Nations Treasury manages investments in two cash pools, the main cash pool and the euro cash pool.

Effective 1 July 2013, the United Nations Headquarters pool and the offices away from Headquarters pool were combined to form the main cash pool. The main cash pool now comprises operational bank account balances and investments in United States dollars.

The euro cash pool comprises investments in euro currency; the pool participants are mostly offices away from Headquarters that may have a surplus of euros from their operations.

The cash pools are invested in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The cash pools do not invest in derivative instruments, asset-backed, mortgage-backed or equity products.

Investment transactions are now accounted for on a trade date basis, reflecting a change from settlement date to trade date. The 2011 figures have not been restated as the impact of the change has been deemed to be immaterial. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools and the net income is distributed proportionately to the funds participating in the cash pools; operational bank account fees are not netted but distributed to cash pool participants. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end-of-year balances;

Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants.

As at 31 December 2013, investments in the cash pools have been revalued at fair value. The 31 December 2011 comparative figures represent the book value of investments; the 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

Financial information pertaining to the cash pools

As at 31 December 2013, the cash pools held total assets of $9,640.8 million; of this amount $2,660.2 million was due to funds reported in volume I, as reflected against the cash pool line in statement II (Statement of assets, liabilities and reserves and fund balances).

Financial information of the cash pools as at 31 December 2013 is summarized in table V.1.

Table V.1
Summary of net income of the cash pools for the biennium ended 31 December 2013
(Thousands of United States dollars)

	Main cash pool	*Euro cash pool*	*Total*
Income			
Investment revenue	96 592	2 491	99 083
Realized gains on sales of securities	24 643	2 391	27 034
Foreign exchange adjustments	4 241	50	4 291
Unrealized gains (losses)	4 811	(82)	4 729
Net income from investments	**130 287**	**4 850**	**135 137**
Bank fees	(1 083)	(1)	(1 084)
Net income from operations	**129 204**	**4 849**	**134 053**

Composition of the cash pools

Table V.2 shows a breakdown of investments held in the cash pools by type of instrument.

Table V.2
Investments of the cash pools by type of instrument as at 31 December 2013
(Thousands of United States dollars)

Main cash pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 073 122	2 077 421
Non-United States sovereigns	670 963	674 773
Supranationals	250 075	250 246
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 146 815**	**5 150 982**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 417 555**	**9 422 366**

Euro cash pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	13 942	13 937
Non-United States sovereigns	28 578	28 508
Supranationals	13 794	13 793
Total investments	**56 314**	**56 238**

Total: Main cash pool and euro cash pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 087 064	2 091 358
Non-United States sovereigns	699 541	703 281
Supranationals	263 869	264 039
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 203 129**	**5 207 220**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 473 869**	**9 478 604**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

Financial risk management

The cash pools are exposed to a variety of financial risks including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below.

Credit risk

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the cash pools are shown in table V.3.

Table V.3

Investments of the cash pools by credit ratings as at 31 December 2013

(Thousands of United States dollars)

Main pool	*Total*[a]	*Ratings*
Bonds	5 150 982	S&P: 32.3% AAA and 63.1% AA+/AA; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2 138 849	S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa-
Certificates of deposit	250 003	S&P: 40% A-1; Moody's: 40% P-1; Fitch: 60% a+/a-
Term deposits	1 882 532	Fitch: 58.6% aa- and 41.4% a+/a/a-
Total investments	**9 422 366**	

Euro cash pool	*Total*[a]	*Ratings*
Bonds	56 238	S&P: 75% AAA and 25% AA+; Moody's: 100% Aaa
Total investments	**56 238**	

[a] Represents the fair value of securities as at 31 December 2013.

Liquidity risk

The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the cash pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

Currency risk

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate due to changes in foreign exchange rates versus the United States dollar. The main cash pool has no currency risk for its investments which are in United States dollars. The main cash pool has currency risk for operational bank balances. The euro cash pool is exposed to currency risk through holding of securities in euros. Accordingly, funds participating in the euro cash pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for euros.

Interest rate risk

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk.

The cash pools are exposed to interest rate risk as their holdings comprise interest bearing securities. As at 31 December 2013, the cash pools invested primarily in securities with shorter terms to maturity, with the maximum term being less than 4 years. The average durations of the main pool and euro pool were 0.92 years and 0.64 years respectively, which are considered to be indicators of low interest rate risk.

Table V.4 shows how fair value of the cash pools as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). However in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table V.4
Sensitivity of the cash pools to interest rates as at 31 December 2013

Shift in yield curve (basis points)	*Change in fair value (millions of United States dollars)*		
	Main cash pool	*Euro cash pool*	*Total*
-200	174.0	1.1	175.1
-150	130.0	0.8	130.8
-100	87.0	0.6	87.6
-50	43.0	0.3	43.3
0	0.0	0.0	0.0
50	-43.0	-0.3	-43.3
100	-87.0	-0.6	-87.6
150	-130.0	-0.8	-130.8
200	-174.0	-1.1	-175.1

Other price risk

The cash pools are not exposed to significant other price risk, as the pools do not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.

Note 14
Investments

In 2013, the Organization entered into United States dollar to Swiss franc forward contracts to hedge operations of the United Nations Office at Geneva relating to exposure in risks arising from fluctuations in Swiss franc payments for staff costs. Net foreign exchange gains from these contracts amounted to $4,607,242 for the biennium ended 31 December 2013. There were no forward contract positions outstanding as at 31 December 2013.

A portion of the investment portfolio of the United Nations Staff Mutual Insurance Society is invested in iShares SMI (CH), an exchange traded fund. The Investment Management Section of the Treasury started investing in exchange traded funds in 2013 to augment investment income.

Overview of iShares SMI (CH) Fund

The Fund aims to achieve a return on investment which reflects the return of the Swiss Market Index®, the Fund's benchmark index. The benchmark is weighted in accordance with the free-float value of Swiss equities with a high market capitalization. Since the Fund's underlying investments are equities, the investment is treated as an equity product.

Investments are recorded at fair value and unrealized market gains/losses on the fund are distributed to the United Nations Staff Mutual Insurance Society at year's end. Transaction costs that are directly attributable to the investment activity are expensed as incurred.

Financial information pertaining to exchange traded fund investments

As at 31 December 2013, the United Nations owned 340,600 shares in iShares SMI (CH) purchased in six transactions in 2013.

The total purchase price of the exchange traded fund investments was $28,699,080 (27,006,403 Swiss francs). As at 31 December 2013, the total market value of the investments was $32,362,760 (28,705,768 Swiss francs). The unrealized gain of $1,915,857 (1,699,365 Swiss francs) forms the majority of the portfolio's total unrealized gains.

The portfolio also earns periodic dividends; in 2013 three dividend payments with a total net income of $124,317 (117,325 Swiss francs) were received.

Note 15
Contributions in kind

During the biennium 2012-2013, the Organization received voluntary contributions in kind for various goods and services from Governments and other organizations. The estimated fair value of such contributions in kind was $34,990,000, comprising $5,123,000 for the United Nations General Fund, $16,774,000 for general trust funds, $9,696,000 for technical cooperation trust funds and $3,397,000 for special accounts.

Note 16
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The table below shows the non-expendable property at Headquarters and overseas locations, according to the cumulative inventory records of the United Nations as at 31 December 2013 and 2011, respectively.

(Thousands of United States dollars)

Location	*2013*	*2011*
Major duty stations		
Headquarters, New York	174 380	180 924
United Nations Office at Geneva	63 876	61 496
United Nations Office at Vienna	17 710	19 251
United Nations Office at Nairobi	25 946	22 612
Economic commissions		
ECA	36 938	32 841
ECLAC	9 127	7 646
ESCAP	13 813	11 743
ESCWA	8 446	6 817
Special political missions and offices		
BINUB	1 375	3 495
BNUB	15 401	14 491
BINUCA	7 212	6 292
UNAMA	78 569	77 963
UNAMI	71 922	69 411
UNIOGBIS	4 567	4 016
UNIPSIL	7 968	8 790
UNMIN	–	247
UNMOGIP	7 859	7 315
UNOCA	1 382	–
UNOWA	1 543	2 168
UNOWA/CNMC	222	437
UNPOS	238	3 926
UNSCO	3 076	2 873
UNSMIL	9 506	–
UNTSO	14 508	11 148
Field offices		
Department of Safety and Security	24 575	20 149
Department of Political Affairs	1 638	1 382
Department of Economic and Social Affairs	4 813	3 833
Office for the Coordination of Humanitarian Affairs	42 821	32 528
Office of Disarmament Affairs	481	561
Office of the United Nations High Commissioner for Human Rights	10 541	11 104
United Nations Conference on Trade and Development	867	3 990
United Nations Disaster Risk Reduction Office	319	195
United Nations System Staff College	568	–
United Nations Representative to the Geneva International Discussions	144	–
Other offices		
International Court of Justice	1 213	2 542
United Nations information centres	4 368	4 549
Total	**667 932**	**636 735**

The movement in non-expendable property during the biennium ended 31 December 2013 and 2011 respectively is summarized below:

(Thousands of United States dollars)

	2013	*2011*
Balance at 1 January 2013 and 2011	636 735	540 660
Acquisitions	147 205	179 625
Less: write-offs, accidents, thefts and damages, etc.	(20 448)	(7 910)
Less: dispositions	(87 650)	(104 351)
Other adjustments[a]	(7 910)	28 711
Balance at 31 December 2013 and 2011	**667 932**	**636 735**

[a] Includes primarily a downward adjustment of $14.288 million at Headquarters mainly arising from reconciliations of existing records, and inclusion of $5.034 million for UNSMIL for the first time.

Appendix

Central Emergency Response Fund

Loans receivable as at 31 December 2013

(Thousands of United States dollars)

Organization	*Country*	*Amount outstanding 1 January 2012*	*Amount advanced in 2012-2013*	*Amount reimbursed in 2012-2013*	*Amount outstanding 31 December 2013*
UNDP	Sudan	1 016	–	1 016	–
UNOPS	Libya	1 600	–	1 600	–
WFP	Syrian Arab Republic	–	27 000	–	27 000
Total		**2 616**	**27 000**	**2 616**	**27 000**

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